Daily Report

Latin America

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Cuba

Machado Attends Placetas Municipal Party Meeting

FL1012185690 Havana Radio Progreso Network in Spanish 1725 GMT 10 Dec 90

[Text] Jose Ramon Machado Ventura, a member of the Politburo of the Communist Party of Cuba, evaluated as positive the work carried out by the Villa Clara Province town of Placetas to cope with the Special Period.

During assessments in the municipal party assembly, Machado Ventura said that the membership of the party has great tasks and responsibilities in overcoming crime, together with the PNR [National Revolutionary Police] and other institutions.

U.S. Security Council Tactics Criticized

FL1012190590 Havana Tele Rebelde Network in Spanish 1800 GMT 10 Dec 90

[Text] Ricardo Alarcon, Cuban ambassador to the United Nations, has condemned within the Security Council U.S. manuevers to prolong discussion of the Palestinian problem. Alarcon said he saw no need to further postpone a decision after almost two months of relatively lengthy consultations and negotiations.

The Cuban diplomat reiterated that U.S. Manichaeism has been seen for the third time in the UN Security Council with the postponement of the meeting on the Palestinian problem.

Colombia, Cuba, Malaysia, and Yemen rejected, within the Security Council, the motion presented by the USSR to postpone until 1500 today discussion of the human rights violations in the Arab territories occupied by Israel.

Since November, the United States has opposed voting on the document presented by the group known as the Group of Four, which demands a solution to the Palestinian conflict.

Pinar del Rio Produces Record Citrus Crop

FL1012191490 Havana Radio Progreso Network in Spanish 1725 GMT 10 Dec 90

[Text] Pinar del Rio Province has achieved the production of 1.5 million quintals of citrus fruits, the highest output in its history. This result comes as a consequence of the increase in crop yields obtained by the adequate and efficient use of agricultural technology.

MPLA Recognizes 'Internationalist' Aid

FL1012192890 Havana Radio Rebelde Network in Spanish 1742 GMT 10 Dec 90

[Report by correspondent (Guilo Victor)]

[Text] A warm recognition to the Republic of Cuba for its exemplary assistance to the Angolan people marked the end early this morning of the Third Congress of the MPLA [Popular Movement for the Libration of Angola]-Labor Party, which has been underway since 4 December in the Conventions Palace in Luanda. The grand congress reelected Jose Eduardo Santos as the Angolan head of state and approved a motion recognizing the Cuban Government and people for the internationalist assistance extended to the Republic of Angola in various areas.

Work of Medical Mission To Nicaragua Praised

FL1012214290 Havana Tele Rebelde Network in Spanish 1800 GMT 10 Dec 90

[Text] The independent EL NUEVO DIARIO newspaper of Nicaragua today described the presence of 150 Cuban doctors in various regions of Nicaragua as being of incalculable value to the Nicaraguan people's health. The Nicaraguan paper highlights the efforts of the Cuban medical mission, which works in that country practically free of charge and without any political interest.

In an interview, Dr. Carlos Garcia Trujillo, chief of the group and coordinator for the area of Masaya, Granada, Bluefields, and Managua, noted that the group carried out over 30,000 outpatient consultations in the month of October, and has aided patients who, because of medical limitations, have been transferred to hospitals in Cuba.

By the end of the year, the Cuban mission expects to have treated half a million people.

DPRK Trade Minister Marks Anniversary

FL1012211390 Havana Radio Reloj Network in Spanish 2059 GMT 10 Dec 90

[Text] Korean Vice Premier Kim Tal-hyon has stated in Pyongyang that trade and economic relations between Cuba and the DPRK will continue faithful to the revolutionary traditions among socialist countries. During an event held in the Korean capital to mark the 30th anniversary of the start of bilateral relations, Kim Tal-hyon, also the minister of foreign trade, stressed that his government has always supported Cuba as a fraternal nation.

At the event, which was attended by directors and officials of all enterprises, branches, and ministries that carry out cooperation and trade with our country, homage was rendered to Commander Ernesto Che Guevara, who signed the first protocol between the two countries in 1960. In turn, Javier Perez, commercial officer at the Cuban Embassy in the DPRK, said that the support from the DPRK had been decisive in the initial years of the revolution.

Inter-Caribbean Affairs

Caricom Set To Implement External Tariff Plan

FL1012162590 Bridgetown CANA in English 1451 GMT 10 Dec 90

[Report by Paget de Freitas]

[Text] Miami, Dec 10, CANA—Prospects seem brighter for the January 1991 implementation of the Caribbean Community's [Caricom] long-mooted Common External Tariff (CET). Antigua now says it is ready to implement the CET in January, though from the middle rather than the agreed start of the month.

"Antigua is pushing ahead with the CET, but I don't think we will be ready on January 1," the country's trade minister, Hugh Marshall, said here. "I think we should be ready to start about January 15."

Antigua had sparked fears of a serious disruption to the time-table with a recommendation by Marshall in October that the economic secretariat of the Organisation of East Caribbean States (OECS) conduct a study of the impact of implementing the CET on the seven-country sub-group in the wake of the Gulf Crisis.

The 12-member Caribbean Common Market, after several years of study and bargaining, agreed last July on the January 1, 1990 deadline for the implementation of the CET. The tariff had been anticipated in the Treaty of Chaguaramas of 1973 establishing Caricom. The scheme, essentially, will harmonise the tariffs charged by the different blocs within Caricom on products imported by outside the Community, although in a few cases lesser developed countries of the Eastern Caribbean have been granted derogation on some sensitive products. But mostly OECS member states and Belize would have to raise their import duties, while the more developed countries of Jamaica, Trinidad and Tobago, Barbados, and Guyana would mostly be lowering theirs, continuing processes begun under structural adjustment programmes. Under the CET the highest rate of duty within the within the Community would be 45 per cent and the lowest five per cent, but a 20 per cent range seems the most common.

The programme should mean greater market protection for some Caricom manufacturers in the Lesser Developed Countries (LDC's), while continuing the process of opening the markets of the More Developed Countries (MDC's) to genuinely competitive products from "Third" countries.

However, among the concerns of OECS countries is the possibility of cost-push inflation from the upward adjustment of tariffs. Marshall argues that that prior to the Gulf Crisis inflation would have been in the region of 10 per cent and 12 per cent.

"We all had reservations about some elements of the CET and all what I did was to ask for a re-assessment of the situation in light of the changed scenario since we agreed to the implementation of the CET," Marshall explained. "But we never stopped working towards the implementation of the programme."

Some economists and regional officials have questioned Antigua and Barbuda's inflation projection coming out of the CET.

"The Antigua figure seems to suggest that they will be importing all their products from Third countries and not sourcing within Caricom where tariffs do not apply," one senior OECS government official told CANA [CARIBBEAN NEWS AGENCY]. If Antigua and Barbuda was in fact seeking to delay the implementation of the CET, it apparently mustered little, or only luke-warm support from its OECS partners.

Dominica, St. Lucia, and Grenada have been firm that they will be implementing the new tariff arrangements from January, a position reinforced here by St. Lucia's prime minister, John Compton and Grenada's finance minister, George Brizan.

"We have committed ourselves to a deadline and we are not going back on that commitment," Compton told CANA.

Compton said that from his understanding the seven-member OECS had reached a "consensus on the CET and one member seemed to be breaking ranks." The sub-regional grouping had raised its concerns and they had been largely met. Said Compton: "We have to decide on whether we want the CET or we don't want it. The thing has been around for a long time.

"We must have deadlines. People won't take us seriously if we continue like this."

Brizan said that Grenada would be ready for January 1, despite problems with draft legislative documentation from the Caricom secretariat and the printing of the new tariff schedules in Canada.

"We will adopt special orders procedures to implement the CET," Brizan said. The Grenada finance minister said that current international environment was too fluid and running at too fast a pace for Caricom to delay its process towards a single market. "We have to be very careful or we will be left behind," he warned.

Plan Prompts St. Vincent Fears

FL1012131290 Bridgetown CANA in English 1341 GMT 9 Dec 90

[Text] Kingstown St. Vincent, Dec 9, CANA—The Movement for National Unity [MNU], a small Vincentian opposition party headed by lawyer Dr. Ralph Gonsalves, says a Common External Tariff [CET] Caribbean Community [Caricom] member countries plan to introduce in January can hurt small economies. The MNU, in its "UNITY" newspaper, said while it has no quarrel with harmonisation and modernisation in the community "this new sugar-coated pill of customs regulations contains a bitter inside for the smaller territories of the region" such as St. Vincent.

It said the new regulations would mean that "merchants and importers would require more working capital than before since non-Caricom imports would cost more, and so their indebtedness to banks would increase." Additionally the MNU argued that "the cost of the goods on

the shelves for the consumer would go up, making life harder for the working people and middle class in St. Vincent and the Grenadines."

The opposition party said St. Vincent does not have the manufucturing base to take advantage of the more favourable customs climate for manufacturing exports to Caricom countries. It has therefore concluded that "on issues like these, the interests of our country are paramount."

Human Rights Group Views Haitian Army Role

FL1012142590 Bridgetown CANA in English 1955 GMT 9 Dec 90

[Text] Bridgetown, Barbados, Dec 9, CANA—Caribbean Rights, which has participated in four fact-finding missions to Haiti, says that the Army must accept responsibility if "violent developments de-rail elections once again." The regional human rights network was commenting on an explosion that killed eight persons last week.

Caribbean Rights, in a statement released here, said that the Army remains "the key factor determining whether Haiti, after much delay, will be allowed to complete its return to electoral and constitutional politics." The group of human rights bodies said the Army has a history of collusion with the "Duvalierist overlords" who "perpetuate violence and death." Caribbean Rights called for the "application of the rule of law to perpetrators of violence, to bring a swift end to this new threat to elections."

An explosion following a political rally for Roman Catholic priest, Father Jean-Bertrand Aristide, the front-running presidential candidate, killed eight persons and wounded 57 others [numbers as received] on Wednesday.

Barbados

Sandiford To Conclude London Loan Negotiations

FL1012165590 Bridgetown CANA in English 1547 GMT 10 Dec 90

[Text] Bridgetown, Barbados, Dec 10, CANA—Prime Minister Erskine Sandiford leaves Barbados for England on Wednesday to conclude negotiations for a loan of 30 million pounds sterling on the London Capital Market. Sandiford, speaking at a public meeting of his ruling Democratic Labour Party (DLP) on Sunday night, said the government would seek parliamentary approval for the loan at the weekly sitting of the House of Assembly on Tuesday.

At another public meeting, part of the build-up to general elections expected next year, opposition leader Dr. Richie Haynes criticised conditions attached to the loan. Haynes, addressing supporters of his National Democratic Party (NDP), said Barbados would have to repay 131 million pounds in interest payments over a 25 year period on the loan.

A DAILY NATION report of the meeting said Haynes described the loan as "the worst ever negotiated by a Barbados administration." He was also reported to have further described the loan as "worse than any granted to us by the International Monetary Fund."

Sandiford, whose government has faced a rising fiscal deficit this year, said he hoped opposition parliamentarians who had come out against moves by the government to raise its domestic credit ceiling, would support the resolution authorising the foreign loan.

Dominican Republic

PRI Members Desert Majluta; Return to PRD

FL1012171690 Santo Domingo Radio-Television Dominicana in Spanish 1635 GMT 10 Dec 90

[Text] Dozens of leaders and members of the Dominican Independent Revolutionary Party, PRI, led by former president Jacobo Majluta, joined the Dominican Revolutionary Party [PRD] yesterday.

The reincorporation of the former PRI members into the PRD occurred during an assembly, held in a hotel in Santo Domingo, and presided by the acting president of the White Party, Vicente Sanchez Barrett.

Winston Arno spoke at the meeting. He gave a 13-page speech in which he said that the reason for the break between Majluta and a group of PRI leaders was the attitude taken by the former president, whom he harshly criticized.

In delivering his speech, Arno broke into tears. He said he was not moved to tears by cowardice, but rather by his pride in being at home with the other members of the PRD.

Haiti

CEP, Candidates Jointly Condemn Bombing

FL1012221090 Port-au-Prince Radio Nationale in Creole 1400 GMT 10 Dec 90

[Report on a press statement issued on 6 December by the Provisional Electoral Council (CEP) and 11 political parties and candidates]

[Text] A press release, signed by the nine members of the Provisional Electoral Council and 11 political parties and candidates on Thursday strongly condemns the slaughter which took place on 5 December. It expresses disapproval of maneuvers aimed to prevent free and honest elections on 16 December, and reiterates commitment to the electoral ethics law which demands respect for all political parties—an essential condition for a free and honest electoral process.

The CEP assures all political parties and the Haitian people that it will make every effort to erect structures to safeguard credible elections in Haiti. The CEP's neutrality will always stand as proof of its determination to work toward the creation of a state of law and order in Haiti.

Episcopal Conference Issues Appeal to Society

FL1012211590 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 10 Dec 90

[Report on statement published by the Haitian Episcopal Conference (CEH) in Port-au-Prince on 7 December]

[Excerpts] The CEH, speaking for the Catholic Church, reiterates that it supports no electoral candidate for the upcoming elections. The CEH also takes this opportunity to ask all those who are manipulating the people to allow society to return to the higher values it holds in its mind and heart.

The bishops expressed in the message that we must bring forth the light of truth by denouncing a system based on lies, treachery, and manipulation so that we can build a society where people can live as human beings. They said that there must be a plan of social reform that takes into consideration the dignity of human beings, their rights, their duties, their needs, and their economical and social development.

To reach this objective, it is not enough to denounce corruption and to mobilize the population. It is not enough to accept the power, then adopt a laissez-faire attitude. The truth is that we must confront the difficulties of a situation which has been deteriorating for years, a situation that we must try to change. We must encourage positive values such as unity, fraternity, and community as we build a society based on the gospel.

It is not solidarity, the statement continued, when one group unites to act against another group; solidarity is not a partisan attitude that accepts only those who share the same political opinions and ideology. Solidarity must be open, it must allow everyone their place in love, according to Pope John-Paul II. Solidarity excludes nobody, it is open to everyone without regard for class, color, or social rank. Solidarity will restore to Haiti such positive values as reconciliation, forgiveness for the wrongdoings of others, and love for enemies, a number of values they [not further identified] have stolen from the people's hearts.

They want to destroy a community that has its beliefs based on the gospel, to replace it with a society that does not believe in any Christian value. They want to make people believe that forgiveness is weakness, that reconciliation and justice are contradictory, that love for people who did us wrong is foolishness, and that these values are a barrier to the process of becoming more respectable. [passage omitted]

On the eve of the general elections, on the eve of Christmas, we feel that it is our responsibility to commit to a foundation of faithfulness: faithfulness to God, faithfulness to the Church, and faithfulness to human beings. Furthermore, Haiti must become a country where people will really be people, where rights of the individual and of the community are respected. Only then can we succeed in building a society that can be at the same time an actual community of people, a united community, a reconciled community where all can live as brothers. [passage omitted]

Preelection Atmosphere, Violence Examined

FL1112003090 Port-au-Prince Radio Metropole in French 1700 GMT 10 Dec 90

[Report by Clarens]

[Text] Never will a week be longer than this one, from 10 December to 16 December. It will be a week lived anxiously by Haitians anticipating that fateful day, Sunday, 16 December. It is the heart of a whole nation beating to the rhythm of 8,640 minutes until 16 December, a wait comprised of hope and fear: hope that the race—for which so many people are mobilized, and the blood of so many young people has been shed—will be run; and fear that other bloody events may come to mark the week and that other lives might be sacrificed.

Beyond the political, judicial discomfort effecting those disqualified from the race because of their past betrayal of the democratic ideal, the whole country is living the anxiety that will take it to D-Day. The entire Republic is facing not only its destiny, but the challenge of transforming a society, built on the arbitrariness and corruption, into a fair and democratic system, the great unknown after which all Haiti has been running for two centuries, since 1804.

Blind terrorism, assassination attempts, rumors of a coup-d'etat, plots, wheelings and dealings fill the days preceding the elections in Haiti. The Haitian people watch their country, astounded, ambivalent. They ask themselves whether elections will really be held, and under what conditions. For two months, rumors have spread from north to south in the country. Today, six days before the scheduled elections, the atmosphere is tense.

The presence in Haiti of so many observers did not prevent the bloody crime of 5 December. Would it prevent others? The Provisional Electoral Council [CEP] institution in charge of elections, whose existence is still threatened by a judicial decision, just passed through a difficult phase. Today, the nine members of the Council face themselves, face the weight of their responsibility to organize honest and credible elections. If no further obstacle weakens the mobilization and enthusiasm of the population, more than 3,000,000 citizens, according to the CEP, will vote to establish Haiti's destiny.

Former Soleil Director Views Aristide Candidacy

FL1012193090 Bridgetown CANA in English 1854 GMT 10 Dec 90

[Report by Ken Richards]

[Text] Roseau, Dominica, Dec 10, CANA—A Catholic priest, who once managed a church-owned radio station in Haiti, said leading presidential candidate Jean-Bertrand Aristide may not be the best person to lead Haiti at this time.

American-born Father Raymond Conard, now working in Dominica as head of the Catholic-owned Voice of the Islands, said the troubled Caribbean nation needs a leader capable of uniting the divided country and Aristide does not fit that bill. Conard, in a CANA [CARIBBEAN NEWS AGENCY] interview, said Aristide, a rebel Catholic priest, had helped to polarise Haiti with his confrontational style, his strong commitment to the poor—the majority of the population, and his socialist views.

"Haiti is a very divided country.... And if you are going to be confrontational you will not last," the former director of the Port-au-Prince-based Radio Soleil said.

"I would like to see a person who is more of a person of dialogue, not as confrontational as Aristide has been." Haitians vote in elections next Sunday to choose a president and Aristide, who has been drawing large crowds at campaign rallies, is tipped to win the ballot.

Conard said the Army and influential government officials also may not be keen about having Aristide in the Presidential Palace. "I don't really know if he will be allowed to become president. I fear it but my hope is that if he does, that he'd be a great success."

Conard said Haiti, in his view, needs "a good technocrat" as its leader, who has charisma and is knowledgeable about financial matters. He rejected Aristide's prescription of socialism as the answer to Haiti's problems.

"I think it would be disastrous because the Haitian people are the most entrepreneurial people. To talk socialism is to kill the soul of Haiti." Aristide's popularity stems from the fact that the majority of Haiti's poor sees him as their champion.

Jamaica

IMF Loan Sought To Ease Rising Oil Prices

FL1012191090 Bridgetown CANA in English 1739 GMT 10 Dec 90

[Text] Kingston, Jamaica, Dec 10, CANA—Jamaica is seeking another loan from the International Monetary Fund (IMF) to help cushion the impact that the sharp increase in world oil prices is having on the economy, the GLEANER newspaper reported Monday.

The mass circulation daily quoted deputy governor of (central) [words indistinct], Dr. Owen Jefferson as saying that the loan is being sought under the IMF's Compensatory and Contingency Financing Facility (CCFF). Because of the "complexity" of the negotiations, it could take months before Jamaica received any money, Jefferson said. The new loan is in addition to the U.S. 105 million dollar stand-by arrangement which Jamaica currently has with the Fund.

Analysts at the Ministry of Mining and Energy have said that if the price of oil stabilises at the present price, the island would have to find an additional 70 million U.S. dollars to pay the bill. Last year the country spent nearly U.S. 300 million dollars on oil imports.

According to the GLEANER, Jefferson was unable to say how much money was being sought or on what terms. He noted however that the loan would not assist Jamaica to pass the December performance test set by the IMF.

Jamaica sought similar assistance from the IMF during the oil shock of the 1970's and again in the 1980's when the island's bauxite earnings tumbled because of a downturn in the world alumina market.

Trinidad and Tobago

Commissioner Lifts State of Emergency

FL1012135990 Bridgetown CANA in English 1247 GMT 10 Dec 90

[Text] Port of Spain, Trinidad, Dec 10, CANA—Trinidad and Tobago has lifted the state of emergency and curfew imposed in the wake of last July's attempt to overthrow the government, police commissioner Jules Bernard has announced. The emergency and the 1AM-5AM curfew came to an end at midnight Sunday after nearly five months.

Trinidad and Tobago's Acting President Emmanuel Carter declared a state of emergency on July 28, one day after the fundamentalist Muslim sect, the Jamaat al Muslimeen, stormed Parliament and the state television complex, holding hostages, including Prime Minister A.N.R Robinson. After a six-day siege the Muslimeens, led by Yasin abu Bakr, released the hostages before surrendering unconditionally to the defence force. During the abortive coup attempt, 24 persons were killed.

The Muslims are facing 22 criminal charges arising out of the events, including one for the murder of parliamentarian Leo des Vignes and another for the wounding of Robinson and Security Minister Selwyn Richardson.

The emergency was extended a month ago to "put the police house in order," Security Minister Richardson had said. Acting superintendant of police, Winston Cooper says Trinidad and Tobagos's security is now in "better shape than it ever was."

Robinson Claims To Be 'Targeted for Elimination'

FL1012133590 Bridgetown CANA in English 2150 GMT 9 Dec 90

[By Linda Hutchinson]

[Text] Port of Spain, Trinidad, Dec 9, CANA—Trinidad and Tobago's prime minister, A.N.R. Robinson, says his life has been threatened at home and abroad because of his "uncompromising" stand against corruption, illicit drugs, and criminal activities.

"I have received more than one admonition that because of my uncompromising stand against corruption, illicit drugs, and the attendant criminal activities both nationally and internationally, I have (attracted) powerful enemies and consequently been targeted for elimination," he told party supporters on Sunday.

"But these are the sacrifices true patriots must be prepared to make in building a nation."

Robinson was addressing the fifth annual conference of the ruling National Alliance for Reconstruction (NAR) party in his capacity as political leader at the Chaguaramas Convention Centre, overlooking the west coast. He said when he entered politics thirty-four years ago, he committed his life, his liberty, and sacred honour to the country and the people of the twin-island state.

"When our lives were threatened in the Red House (Parliament Building, duri a July coup attempt) I said to my captors: "Kill me and save the rest," he recalled.

"The answer came: "We don't want any heroes."

"The threats about what would be done to us were awful and unmentionable."

He added: "But I was inspired by the knowledge that greater love hath no man than that he should lay down his life for his country men."

He said during the hostage crisis in Parliament his "personal dignity" was violated in the most ruthless and repugnant manner. Robinson and several parliamentarians were held hostage for six days during the coup attempt by a fundamentalist Muslim sect, the Jamaat al Muslimeen. During the coup attempt two dozen persons lost their lives.

Robinson's theme Sunday was "Towards the 21st Century." He said the decade ahead will initiate the most intense phase of preparation by the peoples of the world for the enormous challenges. He said it is incumbant on the ruling party to analyse the trend of world events and to propose strategies that the nation must pursue to meet the challenges ahead. The NAR must move into gear to defend the people and nation's economy against the "separatists, the isolationists, and the recidivists in our mists," he declared.

He said the most serious problem which confronts the country and which will do so in the coming decade is unemployment, particularly among youth. He said with the increase in population, he estimated that 196,900 jobs are to be created during the decade or about 20 000 new jobs per year.

Robinson, who was elected unopposed as political leader on Sunday, said that during the four years of the NAR government, there was remarkable growth in the economy after non-growth since 1982. He said economy recovery was reflected in the increase of gross domestic product by 0.7 percent in 1990 and a surplus of 234.7 million dollars (one TT dollar = 23. 5 cents U.S.) in government's current account against a projected deficit of 263.6 million dollars. Foreign exchange, he told the gathering, was sharply up.

The debt service ratio, projected to reach a level of 39 percent of export earning in 1990, was down to 23 percent, he said. Exports amounted to 2,605 million dollars—double the level of 1986 and 11.1 percent above the level of 1989. He said it was against this background that the country will have no further borrowing from the International Monetary Fund.

"We have rolled back the recession.

"Now, we must be vigilant against those who would roll back what by sacrifice and discipline the people have gained," Robinson said.

Opposition Leader Criticizes Government Budget

FL1012125290 Bridgetown CANA in English 2311 GMT 8 Dec 90

[Text] Port of Spain, Trinidad, Dec 8, CANA—Opposition leader Basdeo Panday says the fundamental problems facing Trinidad and Tobago were not addressed in the government's 1991 budget presented on Friday.

"The budget does not tackle the fundamental issues of unemployment, poverty, destitution. It does not tackle the high prices, neither has it done anything to protect citizens from crime," Panday told CANA [CARIBBEAN NEWS AGENCY].

"The budget nibbles at the problems in an attempt to change the image of the government which is harsh and uncaring."

Panday charged that the budget was designed with the forthcoming election in mind, but said it would fail.

Minority opposition leader Patrick Manning agreed the budget would "enhance" neither the government's image nor the prime minister's which opinion polls show have been sagging.

"This is a Saddam Husayn budget," he said, adding that the Gulf Crisis which shot up world oil prices had assisted the economy of this petroleum producing country. Referring to protests this week, he said public servants had to "fight" to get full restoration of the 10

percent of their salaries which was cut two years ago as part of cost-cutting measures to assist the ailing economy.

"This is the only time government has shown some real compassion towards the citizens. The first time in their four years," Manning said.

Finance Minister Selby Wilson presented a TT 7 billion dollar (one TT dollar = 23.5 cents us) in which he bowed to mounting protests from public workers for full restoration of the 10 percent salary cut.

Economist Neil Rolingston, however, felt government's policies were on the right track and described the budget as "positive."

"The budget is a positive, up-beat one in which government is comfortable with its increased revenue base," he said.

"Their economic strategies are on the right track and if oil prices continue to be on the upswing and government's investment programmes materialise, the country will be in an even better shape," he told CANA.

"The government had to take bold and unpopular measures.... Many people had to sacrifice but this has paid off," he said.

Rolingston said government's economic base will strengthen in 1990 by the direct taxation from oil companies, private companies, and individuals. The 15 percent value added tax will contribute significantly to the national economy as well as a new import surcharge, he added.

Head of the Public Services Association, Dr. Kenrick Rennie, commended government for giving back public servants the 10 per cent of their salaries which had been taken away. He, however, expressed disappointment over the failure to reinstate the Cost Of Living Allowance (COLA), suspended in 1987 as part of cost-cutting measures.

"We know public servants, given the economic situation, will appreciate the return of the ten per cent and the COLA backpay, but we are not happy that COLA was not reinstated," he told the EXPRESS newspaper here.

President of the Trinidad and Tobago Unified Teachers Association Clyde Permell described government's response to the public servants as "ridiculous." Teachers who boycotted school for two days this week, said Permell, should also have received a two percent pay increase awarded by a special tribunal two years ago and all COLA arrears.

El Salvador

FMLN's 'Lack of Goodwill' Cited in Aid Request

PA1112000790 San Salvador Radio Cadena Horizonte in Spanish 1200 GMT 10 Dec 90

[Passages within quotation marks are recorded]

[Text] Salvadoran President Alfredo Cristiani has stated that the accelerated delivery of U.S. military assistance breathes new life into the government and its counterinsurgency struggle, which is being carried out to counteract the military actions conducted by the guerrilla movement.

President Cristiani expressed his optimism about the accelerated delivery of $48.1 million in military aid for El Salvador approved by the U.S. Government [words indistinct] the armed actions that maintain [words indistinct] since 20 November.

Cristiani said that the rebel movement's lack of willingness to end the conflict through dialogue and negotiation has forced the Salvadoran Government to ask the U.S. Government to immediately deliver the military assistance to counteract the military aggression of the FMLN [Farabundo Marti National Liberation Front].

[Cristiani] "We believe that the FMLN's lack of goodwill, which was proven by the 20 November offensive, has forced us to request the delivery of that assistance as soon as possible. As we have said before, if the FMLN had chosen a cease-fire and [word indistinct], there would have been no need to ask for military assistance. The FMLN, however, has demonstrated the opposite attitude. We are pleased, therefore, to see that the U.S. Government will deliver this contribution to help us resist the FMLN's lack of sincerity.

[Reporter] "When will the aid arrive in El Salvador?

[Cristiani] "Everything is ready for the delivery of the materiel. As you know, military assistance is not delivered in cash, but in equipment. The assistance basically consists of spare parts and equipment to maintain Armed Forces vehicles."

Cristiani said that the government is determined to use force to attain peace if the rebel movement does not show a willingness to end the conflict through the dialogue-negotiation process.

[Cristiani] "When everything else is useless; when all possible mechanisms for resolving a conflict and reaching an agreement rationally and through negotiations are exhausted—and if rational solutions are confronted with stubbornness and increased violence—there is nothing left but to respond with force and [words indistinct]. We are still determined, however, to strengthen the peace process. We are willing to reach an agreement as soon as possible so that the Salvadoran people can live in peace and not with the anxiety that the FMLN creates. It is obvious that if there is no possibility of reaching an agreement through those means and if there is no other choice, we have to use our last resource. It is our duty to defend the country's institutions and the Salvadoran people, and we are willing to do so."

President Cristiani voiced his satisfaction over the [words indistinct] of the trial against a number of soldiers involved in the murder of six Jesuit priests [words indistinct] to the 4th Criminal Court of San Salvador.

[Cristiani] "I want to congratulate the judge for his work. I believe he has the autonomy to act, and he knows what he is doing. I believe most Salvadorans and the world in general have made positive comments about the judge's work. I believe the judge is the one who will make a decision according to the mandates of his conscience, and I will be very pleased. Perhaps he has already made his decision. We want to see progress in the legal and judicial process and in the administration of justice in general. We are pleased to see that the trial is moving along."

President Cristiani stressed that the fact that there will be a trial against Colonel Guillermo Alfredo Benavides and eight other soldiers shows that our country's judicial system is making progress.

The [word indistinct] led by Ricardo Zamora [words indistinct] soldiers murdered the Jesuit priests in November 1989.

Vargas Claims Cease-Fire Depends on FMLN

PA1112014990 San Salvador LA PRENSA GRAFICA in Spanish 7 Dec 90 p 2

[Text] Colonel Mauricio Ernesto Vargas, deputy chairman of the Armed Forces Joint Chiefs of Staff, said on 6 December that the armed conflict could come to an end before the end of the year. It all depends, he added, on the political will of the FMLN [Farabundo Marti National Liberation Front].

Col. Vargas said: "I am very optimistic about the progress of the dialogue, but also I do not want to be unrealistic. The FMLN's political will is truly and objectively delaying this process, therefore we must exert a little more pressure, from a political point of view, to achieve peace."

The colonel encouraged the community to have faith and to press for a dialogue which will lead to peace, "peace with dignity and with respect for the judicial-political institutions, the laws, and the democratic process we are undergoing."

Vargas disclosed that the negotiations have continued secretly, but said that the procedures cannot be revealed. He added that Alvaro Soto, UN Secretary General Perez de Cuellar's personal representative, is the only person who is authorized to give out information on the dialogue's progress.

Asked about the dialogue's viability, Vargas said that it is viable as a process because it has greater means for achieving peace, and in this regard the community should be optimistic. The colonel explained that the military solution is and will continue to be a government alternative, but that its cost is too high. "Who knows," Vargas continued, "if we can pay such a price? Do we really want peace in a nation in ruins? Dialogue-negotiation as a peace process leads us to the same objective, but with fewer social costs. Therefore, common sense indicates that this is the road to follow," he noted.

"The FMLN should not confuse this option with weakness or cowardliness. It should bear in mind that the minimized cost is the propelling force behind the dialogue-negotiation option," Vargas remarked.

Last, but not least, he reiterated his opinion that a cessation of hostilities can be attained as long as the FMLN has the willingness to do so. Vargas added: Up until now, however, the events have revealed the contrary. As it did in 1989, he continued, the FMLN has launched another offensive after the talks.

To conclude, Vargas said: "If this were the first time the FMLN launched an offensive after a dialogue, I would not worry, but this is a repeat performance that can be considered a lack of political will on the part of the FMLN. One could also believe the FMLN's political strategy and its negotiating tactics to have been devised by pro-military individuals, who continue to believe that the military option is the best option for the nation."

FMLN Communique Clarifies 26 Nov Incidents

PA1112033890 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 4 Dec 90

["Communique" issued by the Anastacio Aquino Paracentral Front of the Farabundo Marti National Liberation Front (FMLN); place and date not given]

[Text] In view of the reports disseminated by Coprefa [Armed Forces Press Committee] and those published in the 28 November issue of LA PRENSA GRAFICA on the incidents that took place at El Puente Negro, along the road from Tecoluca to San Vicente, on 26 November, when Mr. Jose Luis Arevalo and Mrs. Josefina Amaya de Arevalo were killed, the FMLN clarifies that:

The Armed Forces reports that the FMLN murdered the aforementioned people are completely false and irresponsible. The Armed Forces reports intend to discredit the FMLN and avoid the Army's responsibility in this incident.

This is what happened on 26 November:

On 26 November, FMLN forces occupied a section of the road from Tecoluca to San Vicente near El Puente Negro and held a meeting with residents of the area. While the meeting was still going on, two Artillery Brigade vehicles going from Usulutan to San Vicente appeared at El Puente Negro. When the troops riding the vehicles saw the traffic and the meeting, they began to shoot indiscriminately. Our forces immediately neutralized and annihilated those troops. We killed 18 soldiers and wounded 10 others and also destroyed one of the military vehicles.

A 5th Infantry Brigade Tehuacan Battalion company showed up at the site of the incidents at 1700. These troops launched M-79 grenades and used LAW rocket launchers and rifle fire to attack the meeting place. As a result of the Army's crazy shooting and the crossfire, the Arevalos of San Vicente were killed.

[Signed] Anastacio Aquino Paracentral Front

Rebel Commentary on Situation of Armed Forces

PA1012183290 (Clandestine) Radio Venceremos in Spanish to El Salvador 1600 GMT 9 Dec 90

[Station commentary]

[Text] The U.S. dispatch of a few million dollars to the Salvadoran Armed Forces is the best evidence of their calamitous and critical situation. The U.S. Government has had to rush aid to the sick man and make an advance delivery of the aid it had planned to send in a few months. The U.S. sheet is covering the dying man's head, but it has left his feet exposed.

The U.S. Government has not increased its aid to the Salvadoran Armed Forces by one single penny, and it is not reinstating the 50-percent aid cut decided on by the U.S. Congress, so military people should not be too happy.

The cries of the colonels have been so disturbing and their situation is so difficult that Bush has had mercy on them and has promised to make an advance disbursement out of the 1991 budget, a budget that he has been forced to quickly use now to replace the aircraft downed in recent days, thus saving the Armed Forces from a foreseen mortal collapse.

Dollars may serve to replace a few airplanes, which probably will also be downed, but dollars can replace neither the pilots nor their shattered morale.

The colonels in the Armed Forces have been forced to start spending their 1991 budget ahead of time. The question is: How are they going to cover the expenses involved in logistic operations by battalions, brigades, and armored units?

The U.S. advance disbursement will not clear up the dark days of the Armed Forces. While it is true that we are prepared to negotiate for peace through demilitarization and the country's democratization, we are also ready to destroy the Air Force, regardless of whether its aircraft fly high or low. And the Air Force was the only moral support that Colonel Ponce's battered forces had.

Ruben Zamora: Talks Not Hindered by Offensive

PA1112041690 Mexico City NOTIMEX in Spanish 2056 GMT 4 Dec 90

[Text] San Salvador, 4 Dec (NOTIMEX)—Opposition political leader Ruben Zamora said today that the current military maneuver launched by the Salvadoran guerrillas responds to the war process and, therefore, it does not hinder the peace negotiations.

In an interview with NOTIMEX, Ruben Zamora, top leader of the Social Christian Peoples Movement (MPSC), questioned the rebel contention that their military campaign would speed up the peace talks. He also denied, however, that this campaign would obstruct the negotiating process, as the government said.

"These military maneuvers by the FMLN (Farabundo Marti National Liberation Front) are not related to the negotiations, but to the war process and the internal policies of the FMLN, which for three months has threatened to launch an offensive and was forced to do something," Zamora added.

Two weeks ago, the FMLN began a new nationwide military operation that, according to sources [words indistinct] 900 casualties on the Army, in addition to destroying four aircraft that participated in military actions.

According to the FMLN, the objective of this operation is to make the government position on the dialogue more flexible. Zamora questioned the FMLN position by saying that "there is no correlation between the increase in military capability and ability to negotiate."

Zamora acknowledged that "at certain times, the increase in military capability may reduce the possibilities for negotiations, because this depends on the military's interpretation of the political outlook."

The government of Alfredo Cristiani and the FMLN blame each other for the lack of willingness to make progress in this political process—to which they committed themselves last April—intended to end the war as soon as possible.

Ruben Zamora, member of the Democratic Convergence (CD), admitted that "some kind of military action by the FMLN" would erode the support that the civilian population may give to the leftist coalition in the upcoming municipal and legislative elections, which are scheduled to take place in March, 1991.

Despite the fact that the General Command of the FMLN has said that as long as there are no political agreements at the negotiating table, the conditions do not exist for holding elections, Zamora stated that the FMLN has not yet established its position with regard to the elections.

Zamora said that the problem is not whether conditions for holding the elections exist or not, but that "in this country, one is living amid conditioned freedom, because one day the people's fear of voting disappears and as soon as four or five people are killed, this trend begins to reverse itself."

"There is already a social reflection of conditioned fear in the country. Thus, a massacre is not necessary to predict the terror and the nonvoting rate of the population," Zamora pointed out.

Zamora admitted that if the FMLN decides to sabotage the electoral process, his party may be adversely affected, because "each bomb misplaced by the FMLN represents one less vote for the CD."

Zamora stated that "we are not living under a dictatorship" in El Salvador, but he added that the upcoming elections "will not be democratic as long as the state of war continues and the soldiers are a predominant class."

Zamora said: "We are again playing for every political opportunity and we are going to continue playing until a real peace process will no longer exists." [sentence as received] He concluded that "we are pressing to create better conditions."

Guatemala

Policemen at Guatemalan Embassy Deny Charges

PA1012191990 Guatemala City Teleonce Television in Spanish 0400 GMT 10 Dec 90

[Text] Three Panamanian police officers who sought asylum in the Guatemalan Embassy in Panama following the foiled coup against President Guillermo Endara have denied having participated in that action. The policemen are Captain Rafael Jurado and Second Lieutenants Dario Cabezas and Carlos Rumbo who, during a telephone conversation with this television station, denied the charges.

The Guatemalan Government has given the three officers provisisonal asylum in line with international agreements on this matter. Foreign Minister Ariel Rivera y Diaz has said, according to a local journalist. The Guatemalan foreign minister said that it is the Panamanian Government that decides whether to grant safeconducts to the refugees or not.

The three officers are [words indistinct] after members of the Panamanian Public Force tried to arrest them once the coup against President Endara was put down.

During the telephone conversation, the police officers said that their only objective had been to make known to the Panamanian Government a list of 11 demands aimed at improving the living conditions of discharged policemen.

The list demands better treatment for policemen, a decent salary, payment of the 13th month bonus—which has been eliminated—payment of benefits to widows and relatives of the policemen who died during the U.S.

invasion of 20 December 1989, the building of a commissary, and a clinic. Regarding the request for a clinic, the refugees said that Panama's state hospitals refuse medical assistance to police agents just because they are members of the security corps.

According to the refugees, the Panamanian Government has prevented the broadcasting of their demands over radio or television and the Guatemalan Embassy's telephones in Panama are tapped.

The Guatemalan Embassy is located on Panama City's 55th Street in El Cangrejo neighborhood. The embassy is surrounded by patrol cars.

Of the three refugees, the one facing the most serious charges is Captain Jurado, who is accused of having participated in the takeover of the central police headquarters.

An international news agency has reported that Jurado is married to a Guatemalan who is serving as our country's vice consul in Panama.

Safe-Conducts for Officers Requested

PA1112041990 Guatemala City SIGLO VEINTIUNO in Spanish 10 Dec 90 p 3

[Text] The Guatemalan Foreign Ministry has asked the government of Guillermo Endara to grant the respective safe-conducts to three Panamanian officers who sought refuge in our embassy in Panama so that they can travel to Guatemala or whatever country they may choose.

Foreign Minister Ariel Rivera Irias disclosed this, noting that two of the three Panamanians who sought asylum at the embassy, following the rebellion they led in their country, graduated from Guatemala's Polytechnical School.

The Foreign Ministry instructed Colonel Hector Rosales Salaverria, Guatemalan ambassador to Panama, to complete files on Captain Rafael Jurado and Sublieutenants Dario Cabezas and Carlos Rumbo, who escaped from the police forces of their country and U.S. troops after they unsuccessfully promoted a rebellion against Endara's government, a rebellion that was headed by Eduardo Herrera, former chief of the Panamanian Public Force.

Rivera explained that a file on each of these refugees is being completed. Now it is up to the Endara government to grant them safe-conducts following the completion of the asylum processing.

Government Decrees Emergency Fuel, Energy Rations

PA1112015590 Guatemala City PRENSA LIBRE in Spanish 30 Nov 90 pp 2, 69

[Text] The Energy and Mines Ministry reports that, beginning 29 November, the government has put into effect Government Decree Number 1165-90, which has been published in the Official Gazette, enforcing an emergency fuel consumption rationing program. This program, comprised of seven basic points, is to prevent a new increase in fuel prices.

The Persian Gulf conflict has resulted in higher petroleum prices on the international market, which in turn has forced all fuel prices to rise.

Therefore, the government has applied a price adjustment on fuel, although the increase did not affect the price of diesel fuel. Because petroleum prices continue to rise on the world market, however, fuel price will also continue to rise.

Nevertheless, the Guatemalan Government does not want to go to those extremes—that is, to apply a new price adjustment on fuel. The government has stressed that to avoid this measure, it puts into effect a fuel consumption rationing program which demands the cooperation of all sectors for its successful application.

The fuel consumption rationing program was drawn up based on private, business, and industrial sector recommendations, which include the following provisions:

1. An education campaign to save energy. This campaign is to be coordinated by the Presidency's Public Relations Secretariat, together with the Energy and Mines Ministry, as well as the public sector.

2. A general program to improve vehicle circulation on the streets. All vehicles are to be checked to see if they are operating efficiently. Maximum and minimum speeds on national highways and roads are to be verified and controlled. The number of passengers and the size of loads allowed on buses and trucks are to be strictly controlled.

The circulation of cargo vehicles (seven or more tons) is to be restricted from 0700 to 0830 and from 1700 to 1900 on main city streets. Merchandise loading and unloading is to be regulated in heavy traffic areas.

Urban and suburban bus stops are to be modified and control at authorized bus stops is to be enforced. Vehicles are prohibited from parking in heavy traffic areas. Steps will be taken to speed up traffic in heavy traffic intersections during rush hours.

The Government, Communications, Transportation, and Public Works Ministries are to be in charge of putting into effect the aforementioned measures and requesting the cooperation of the nation's municipalities and private sector.

3. A program to reduce the movement of private vehicles is to be put into effect. The movement of private vehicles will be limited; this is to be determined by license plate number.

The Government and Energy and Mines Ministries and the nation's municipalities are to be in charge of enforcing this measure.

4. A program to regulate fuel distribution. Gasoline station operating hours will be regulated. Gasoline stations are prohibitied from selling fuel in containers other than the vehicle itself. Special cases are to be determined by the department governor's office.

The Government and Energy and Mines Ministries are to be in charge of enforcing this measure.

5. An energy saving program for the public sector. The movement of official vehicles during nonworking hours and on nonworking days will be controlled. The use of electric lights and energy consumption in general is to be reduced in government institutions.

The Government and Energy and Mines Ministries are to be in charge of enforcing this measure.

6. An energy saving program in the private sector. Audits on the use of energy will be carried out in the industrial and business sectors, with the private sector's cooperation. Meetings, celebrations, public marches, and demonstrations are authorized only along light traffic routes, without partiality to those allowed by the Electoral Law and the political parties.

The Government Ministry is to be in charge of enforcing this measure.

7. A program to improve roads and highways. Work on roads and highways that hinders traffic is to be carried out after rush hour traffic.

URNG Reportedly Causes 42 Casualties in Army

PA1112000990 Panama City ACAN in Spanish 1715 GMT 3 Dec 90

[Text] Guatemala City, 3 Dec (ACAN-EFE)— The Guatemalan National Revolutionary Unity (URNG) reported today that it had inflicted 42 casualties, including dead and wounded, on the Army. The rebels also reported that they destroyed two armed vehicles and damaged a military helicopter during their actions in the interior of the country in the past weeks.

An URNG "war report" indicated that the rebels attacked the El Mirador and Los Pozos military detachments in the northern Peten Department on 19 November. During these operations the rebels inflicted 19 casualties on the Army, damaged a UH-1H helicopter, and destroyed two armed assault vehicles and two machine-gun positions.

The clandestine CERIGUA agency, which represents the URNG and has its main offices in Mexico, published the rebels' war report today.

The URNG also reported that it inflicted another 27 casualties on the Army during battles that took place in the northeastern Quiche and Huehuetenango Departments and in the central Chimaltenango Department. The guerrillas did not report casualties in their ranks.

The Armed Forces' Information and Press Department (DIDE) rejected CERIGUA's rebel information. The DIDE reported that the guerrillas had attacked the homes of several people who live in the southern Escuintla Department. The rebels looted the houses, stole the people's working tools, and demanded that food be given to them.

The rebels also burned down a coffee plantation in Siquinala, Escuintla Department.

Kidnapped Leader of Mutual Support Group Dead

PA0912173790 Panama City ACAN in Spanish 1540 GMT 9 Dec 90

[Text] Guatemala City, 9 Dec (ACAN-EFE)—Mutual Support Group (GAM) members have reported that Guatemalan villagers today found the tortured body of a leader of this humanitarian organization. GAM is comprised of relatives of 40,000 people who have disappeared for political reasons throughout two decades of military regimes.

The victim was identified as Oscar Augusto Miranda, a 29-year-old GAM leader, who on 6 December was kidnapped by several unidentified persons who burst into his home.

A GAM spokesman told the press that the body, showing numerous stab wounds and signs of torture, was found at the 18.5-km marker on the road to Villa Canales.

Honduras

Discua Elected New Armed Forces Chief

PA1112015690 Panama City ACAN in Spanish 2356 GMT 10 Dec 90

[Text] Tegucigalpa, 10 Dec (ACAN-EFE)—Today the Honduran Congress elected Colonel Luis Alonso Discua, a military intelligence specialist, as the new chief of the Armed Forces by a wide margin of votes. A total of 122 deputies voted for Discua and only six abstained, thereby ratifying the decision that was previously made by the powerful Senior Council of the Armed Forces [Cosuffaa], composed of 60 colonels.

Discua replaces General Arnulfo Cantarero, who resigned last week as commander in chief after losing the support of his comrades in Cosuffaa.

Cantarero asked for a meeting in congress to explain what he termed an "abnormal" resignation, but his request was not heeded by the deputies, who said his replacement was an accomplished fact.

During the election, the legislative building was surrounded by hundreds of soldiers, who are counterinsurgency specialists, who redirected traffic and took positions at the rooftops of nearby buildings.

The new "strongman" is the brother of the current president of the ruling National Party, Celin Discua. He is 44 years old and has served in the military for 28 years. He has taken parachuting courses in Germany and military intelligence courses in Argentina and in the School of the Americas in the Panama Canal Zone.

Discua will be the chief of the military institution until 27 January 1993 and will complete Cantarero's term. Cantarero became the third of the last four Army chiefs, who were victims of internal coups.

Nicaragua

Government Surprised at U.S. Statements

PA1112031290 Mexico City NOTIMEX in Spanish 2309 GMT 10 Dec 90

[Text] Managua, 10 Dec (NOTIMEX)—The Nicaraguan Government voiced its "surprise" after learning of the statements made by the U.S. State Department, which involved Nicaragua and Cuba in the shipment of surface-to-air missiles to the Salvadoran guerrillas.

"The Nicaraguan Government follows the policies of Esquipulas II with regard to the peace process in Central America. It will not promote confrontation at any time," Presidency Information and Press Director Danilo Lacayo told NOTIMEX. Lacayo said that the government respects self-determination and nonintervention and "will not promote war."

The U.S. State Department said today that it was Cuba or Nicaragua, or both countries, that supplied the Salvadoran guerrillas with SAM-14 surface-to-air missiles discovered by the Salvadoran Army.

As part of a national offensive launched in late November, the Farabundo Marti National Liberation Front (FMLN) of El Salvador shot down at least two Air Force planes using surface-to-air missiles. According to guerrilla sources, at least 12 aircraft have been destroyed. Political analysts believe the appearance of missiles in the Salvadoran conflict. [sentence incomplete as received]

The United States accuses the Sandinist People's Army of providing the missiles to the Salvadoran guerrillas, even though other sources say the rebels obtained the weapons from the Nicaraguan contras in the region's weapons black market.

Jose Mates, adviser to the demobilized contras, denied the possibility that the organization could have sold the SAM-7 and SAM-14 surface-to-air missiles to the FMLN.

"When we disarmed and demobilized, we did it in the presence of the UN Observer Group in Central America (ONUCA)," Mates said.

"We have no links with the Salvadoran guerrillas because of the nature of each group. The FMLN and the Sandinists are totalitarian and they reject any meaningful negotiation," he added.

Panama

Request for U.S. Troop Intervention 'Humiliating'

PA1012234890 Panama City LA ESTRELLA DE PANAMA 9 Dec 90 p A 4

[Unattributed editorial: "The Coup Attempt, Democracy, and National Sovereignty"]

[Text] The political events that took place in the past week, which coincided with the public demonstration staged by workers, seem to indicate that harmony and peace among Panamanians are far from being fully achieved. These events evidently caused enormous moral, economic, and political damage to the Republic. The pre-planned escape of the former Public Force [FP] chief, the immediate takeover of the main FP headquarters by his followers, and the intervention of U.S. soldiers by all means depict an unfathomable sea. In view of these repeated actions in the country, the Panamanian people are increasingly confused. Almost one year after the bloody U.S. intervention and the coming to power of the current government, a coup attempt like the one that took place and a new intervention of U.S troops in our territory should be seriously, responsibly, and patriotically evaluated by all Panamanians.

The Panamanian political problem seems to be more complicated than we thought. These outbreaks of discontent seem to prove it. The democratic administration has been unable to attain most of its goals. The government has paid too much attention to unimportant problems. It has not provided effective and timely answers to the members of the community, whose short-term expectations were more ambitious. No matter how hard they try to portray a different picture, government leaders did not have the ability to create a new FP—which should be fully aware of the new path taken by the country and appreciated by its members—to suit their needs. In this regard, government leaders are more interested in superficial appearances than in facing the socioeconomic realities of the nation. The recent events go beyond the comprehension of the people and of most knowledgeable intellectuals. Nobody seems to be able to determine the causes of the political instability in the country and the inability of our leaders to guide our people's future.

We doubt that any Panamanian will not reject a coup d'etat. Such an action is ignominious and reprehensible. The past experiences of our people do not leave room for this type of action. Those responsible for the coup attempt should, now and always, be exemplarily punished.

The fact that the president, by his own admission, requested the intervention of U.S. troops to save democracy by crushing the coup attempt and humiliating our own people in the most repulsive way, is equally reprehensible.

If the intention of a coup d'etat, due to its devastating effects on society, is to humiliate, the intervention by U.S. troops on our country's soil is just as degrading and humiliating for all Panamanians. It is even more reprehensible when this foreign intervention is the result of a request by the foremost authority of the nation. The defense of democracy is as admirable as is the territorial integrity of a country. We cannot gain in one at the expense and detriment of the other.

It seems impossible to believe that a public force with over 13,000 men was incapable of controlling less than 100 of their own men, who had rebelled either in demand of more attention for their problems or with the intention of overthrowing the government. The president's request for U.S. troops to crush the attempt seems to prove this. In so doing, the troops have come again to tarnish the honor of the country and the history of its people who have taken pride in their identity as a nation.

Undoubtedly, the Public Force, as it was originally conceived, has completely failed. This experience must be used by our leaders to straighten our course and to redesign its working structure in order to offer effective responses to the people who elected them. We are sure that, in view of the recent incidents, our people reject the coup attempt, but they condemn the intervention by U.S. troops and the humiliation they have suffered to a greater extent.

List of FP Officers Allegedly in Coup Cited

PA0912234390 Panama City EL SIGLO in Spanish 9 Dec 90 p 36

[Report by Aneldo Arosemena]

[Text] The Panamanian Technical Judicial Police are seeking three active duty Public Force [FP] majors and many captains, lieutenants, and sublieutenants for their involvement in the military rebellion headed by Retired Colonel Eduardo Herrera on 5 December.

According to reports received by EL SIGLO from reliable sources, initially almost 75 percent of Panama City FP members either participated in or at least looked favorably upon the rebellion led by Herrera. As evidence of this assertion, we list here the names of the many officers on active duty who supported the military action. At least half of these officers had men under their command.

The majors on active duty are: Cesar Cordero, Horly Adel Barret, and Carlos Arturo Acosta Gonzalez. It is interesting to note that Sublieutenant Zoroel Diaz Herrera, nephew of Roberto Diaz Herrera, the former chief of the General Staff of the defunct Defense Forces, was also involved in the rebel movement.

Similarly, it has been learned that former Riot Police Chief Captain Rafael Jurado, along with at least three other soldiers, sought refuge at the Guatemalan Embassy in Panama City. It is suspected that other fugitive soldiers could seek refuge in other diplomatic missions.

In addition, the 200 soldiers who accompanied Eduardo Herrera when he left the National Police headquarters are under investigation to determine their degree of responsibility in the rebellion.

Below we exclusively present the list of 28 soldiers for whom the authorities have issued arrest warrants. This is followed by a list of 20 soldiers who are under investigation by the National Police.

List for the Attorney General's Office

Name	Rank	[Significance of numbers not given]	Status
1. Jorge Eliecer Bernal Guzman	Captain	9531	(Inactive)
2. Mario Ramos Ocona	Lieutenant	8143	(Inactive)
3. Lucas Gonzalez Lezcano	Sublieutenant	708	(Active)
4. Dario Cabeza del Cid	Sublieutenant	9277	(Active)
5. Isaac Bedoya Castaneda	Lieutenant	8553	(Active)
6. Eladio Romero Diaz	Sublieutenant	8116	(Active)
7. Carlos Albeto Rumbo Perez	Sublieutenant	507	(Active)
8. Felix Eliseo Vega Atencio	Sublieutenant	9343	(Active)
9. Narcy Ariel Carrera S.	Sublieutenant	8335	(Active)
10. Rafael Jurado Castillo	Captain	9522	(Active)
11. Adolfo Castillo	Lieutenant	8343	(Active)
12. Ricardo A. Herrera Urena	Sublieutenant	33	(Active)
13. Jorge S. Garcia	Sublieutenant	628	(Active)
14. Fidel Oro Samaniego	Captain	9026	(Active)
15. Alcibiades A. Rodriguez De La Cruz	Lieutenant	8357	(Inactive)
16. Zoroel Diaz Herrera	Sublieutenant	17162	(Active)
17. Thomas A. Herron de Diego	Captain	9049	(Active)
18. Jose Maria Huertas	Sublieutenant	8339	(Active)
19. Carlos Perez de Icaza	Lieutenant	8241	(Active)
20. Mariano de Jesus Quiros Puyol	Sublieutenant	8016	(Active)
21. Tomas Herrera	Sublieutenant	8397	(Inactive)
22. Correa, Roberto	Sublieutenant		(Active)
23. Marcos Arosarena	Sublieutenant	8517	(Active)

List for the Attorney General's Office (Continued)

Name	Rank	[Significance of numbers not given]	Status
24. Julio Vallejo	Captain		(Inactive)
25. Reynaldo Cedeno	Captain		(Active)
26. Carlos Emilio Valdez	Lieutenant	914	(Active)
27. Cesar Cordero	Major	9560	(Active)
28. Luis Donadio	Captain		(Active)

List for Internal Investigation

Name	Rank	[Significance of numbers not given]	Status
1. Luis Donadio Cughotti	Captain	8157	(Active)
2. Horly Adel Barret	Major	9187	(Active)
3. Ramiro Villarreal Torres	Captain	9554	(Active)
4. Rodolfo Moreno Caballero	Lieutenant	8492	(Inactive)
5. Urias Grau Franco	Lieutenant	8025	(Active)
6. Jaime Malca Forty	Captain	9158	(Active)
7. Carlos Arturo Acosta Gonzalez	Major	9563	(Active)
8. Quiroz	Sublieutenant		(Active)
9. Trujillo	Sublieutenant		(Active)
10. Nelson	Sublieutenant		(Active)
11. Walter Hernandez	Lieutenant		(Active)
12. Berry Ten	Captain		(Active)
13. Cerezo	Captain		(Active)
14. Roberto Joudry	Sublieutenant		(Active)
15. Denis Quintero Checa	Captain		(Active)
16. Frank Abrego	Sublieutenant		(Active)
17. Jaime Ruiz Jayes	Sublieutenant		(Active)
18. Marquinez	Lieutenant		(Active)
19. Caballero	Captain		(Active)
20. Saavedra			

Police Director Reports Names

PA1112030190 Panama City Circuito RPC Television in Spanish 2338 GMT 10 Dec 90

[Passages within quotation marks are recorded]

[Text] At a news conference this afternoon, National Police Director Ibrahim Asvat made known the names of the officers and men who participated in the coup attempt of 4-5 December.

The list given the journalists included the names of 20 soldiers who have been put under the jurisdiction of the Prosecutor General's Office and is headed by Retired Colonel Eduardo Herrera, whose name is followed by those of Major Cesar Cordero, Captain Fidel Oro, Capt. Tomas Herron de Diego, Capt. Reinaldo Cedeno, Capt. Luis Donadio, Capt. Tomas Valdes, Capt. Carlos Cerezo, Lieutenant Isaac Bedoya Castaneda, Lt. Carlos Grau, Sublieutenant Barros Arosemena, Sublieutenant Aquiles Anaque, Sublt. Ramon Carrera, Sublt. Ricardo Herrera Urena, Sublt. Roberto Correa, Lt. Zoroel Diaz Herrera, and Sergeant Erasmo Marciaga.

In addition, Asvat reported that several soldiers were discharged because of their irresponsibility and neglect on duty during the events.

[Asvat] "Maj. Horly Barlett, Maj. Carlos Acosta, and Capt. Tomas Garcia."

He also said that several men are fugitives, including Capt. Julio Trejos, Capt. Eliecer Bernal, Capt. Rafael Jurado Castillo, Capt. Julio Valdes, Sublt. Carlos Romero, Lt. Alcibiades Rodriguez, and several sergeants.

[Asvat] "I do not have the total figure at present. Several arrest warrants are issued by the Prosecutor's Office every day."

Referring to the soldiers who sought refuge at the Guatemalan Embassy, Asvat had this to say.

[Asvat] "They should turn themselves in to face Panamanian justice. By fleeing, they have only succeeded in showing that they are not interested in the troops' well-being. The nature of their action was not social, but entirely removed from the policemen's needs. Their action has proven to be of a completely political rather than institutional nature."

Capt. Moreno Denies Participation in Coup Attempt

PA1112035090 Panama City Circuito RPC Television in Spanish 2340 GMT 10 Dec 90

[Text] Captain Carlos Ivan Moreno, who was also detained in October for his participation in the alleged subversive movement uncovered by the local authorities, was transferred this morning to the Attorney General's Office for questioning. Upon his arrival at the Attorney General's Office, Moreno, closely watched by two Public Force members, answered journalists' questions.

[Begin recording] [Reporter] Is it true that you escaped, Captain?

[Moreno] I never escaped. I was taken out. I came in voluntarily. If I had fled, I would not have returned.

[Reporter] What do you think about Col. Herrera?

[Moreno] He is a good officer and we admire him. All of the rank and file and the officers sided with him.

[Reporter] Did you intend to perpetrate a coup?

[Moreno] Not at all. The rank and file, however, deserve to be heard due to their many needs. [end recording]

On his way out and after a fierce struggle with the policemen guarding him, Moreno was again questioned by journalists.

[Begin recording] [Reporter] Were Public Force members involved in the (?attempt)?

[Moreno] To tell the truth, there were plenty of them.

[Reporter] Captain, tell us some names.

[Moreno] There were many people there. The entire directorate was there.

[Reporter] Asvat also?

[Moreno] I did not see anyone being threatened with a single firearm.

[Reporter] Were you one of the hooded ones?

[Moreno] The personnel were there. I did not see a single member of the directorate, however, being threatened with a firearm.

[Reporter] Were all of the country's garrisons sided with the colonel? Give us some names, Captain.

[Moreno] All of the rank and file were with the colonel.

[Reporter] All of them?

[Moreno] Most of them, including those in the country's interior. [end recording]

Union Leader Denies Participation

PA1112040690 Panama City Circuito RPC Television in Spanish 2342 GMT 10 Dec 90

[Report on interview with union leader Antonio Ferrer by unidentified reporter; place and date not given]

[Text] Union leader Antonio Ferrer denied his alleged participation in the attempted coup, but admitted that he did get in touch with Colonel Eduardo Herrera.

[Begin Ferrer recording] I came here of my own volition, not to be questioned or interrogated. I came voluntarily to make a sworn statement. [end recording]

Ferrer voluntarily appeared at the Attorney General's Office this morning to clarify some aspects related to the coup attempt.

[Begin recording] [Ferrer] I was deceitfully invited to a news conference. That is all.

[Reporter] Who deceived you?

[Ferrer] A fellow union member, who invited me over to where all of the union leaders would reportedly meet, but I was the only union leader present. That is all.

[Reporter] Where did you meet?

[Ferrer] At police heaquarters.

[Reporter] Then, you were not involved?

[Ferrer] Absolutely not. I am not a politician. I have not been a government official. I will be neither a government official nor a politician. I work in the transportation sector.

[Reporter] Do you think Isaac Rodriguez was involved?

[Ferrer] No. I did not see him participating in any such activities. None of us union leaders are involved in any subversive activities.

[Reporter] You said you were deceived. Why did you go to police headquarters?

[Ferrer] I went there, all right.

[Reporter] Who invited you?

[Ferrer] I reserve the right to keep the name undisclosed.

[Reporter] Why was this union leaders' conference to be held at police headquarters?

[Ferrer] I did not know it was to be held there. I did not know it was there.

[Reporter] What address did they give you?

[Ferrer] I was only told that a union leaders' meeting was to be held.

[Reporter] Where?

[Ferrer] I was not told where. I was shown the journalists [words indistinct].

[Reporter] Then why did you go there?

[Ferrer] My sworn statement is upstairs.

[Reporter] Did you talk with Col. Herrera on that occasion?

[Ferrer] Yes, I did.

[Reporter] What did he tell you?

[Ferrer] He only told me he wanted to know if he could include a list of petitions in the Coordinating Committee's movement. I answered that I could not decide on such a request and that our movement was completely unionist and separate from any other plans.

[Reporter] Did he mention a coup to you?

[Ferrer] No, not at all. [end recording]

Guerrillas Reportedly To Stage Coup Attempts

PA1112135990 Panama City Radio KW Continente in Spanish 1259 GMT 11 Dec 90

[Report by Mayin Correa]

[Text] I received a phone call some minutes ago and was told the following: A person who identified himself as Eliecer Gaytan [former captain in the Panamanian Defense Forces and Manuel Antonio Noriega's bodyguard]—is this man not in Cuba now?—called a colleague at another radio station saying that they will continue to stage coup attempts.

He said that there are 200 men involved in guerrilla activities in Solcha, Darien Province. These men, who include Colombians and Guatemalans, are led by an Italian surnamed Tino or Lino—I am not sure about this because I failed to write it down.

The man who identified himself as Eliecer Gaytan, the Panamanian Seineldin, said that they will strike in Chorrera, Santiago, and Los Santos. He added that there have been some clashes in Cerro Azul and there will be others. Why does Eliecer Gaytan not move to Argentina to join his friend and mentor?

To repeat: Another media source obtained this information and a colleague called me to convey the report.

Argentina

Menem, Alsogaray Reportedly To Create New Party

PY1012132290 Buenos Aires DYN in Spanish 0018 GMT 10 Dec 90

[Excerpt] Buenos Aires, 9 Dec (DYN)—High ranking members of the National Committee of the Democratic Centrist Union (UCD) and a leader of the [Alvaro] Alsogaray movement today commented on the "very advanced negotiations" between President Carlos Menem and Alvaro Alsogaray over the creation of "a great liberal party."

Although the leaders, one of them an important aide to Maria Julia Alsogaray [former Entel trustee] and the others members of the UCD National Committee, who leaked this information did not want to be publicly linked to it, they did acknowledge that they are waiting for the information to be announced before filing a complaint with the appropriate party organizations.

According to the leader of the Maria Julia faction, the "final objective" of Menem and Alsogaray is the "creation of a great Argentine Liberal Party" that will include factions of the Justicialist Party and of the UCD. [passage omitted]

Menem Issues Disclaimer

PY1012181090 Buenos Aires Domestic Service in Spanish 1600 GMT 10 Dec 90

[Excerpts] President Menem, Defense Minister Romero, and Defense Under Secretary Dentone today attended a mass at the Stella Maris Chapel. This mass was held on the occasion of the 25th anniversary of the first Argentine expedition to the South Pole, which was headed by General (Leal) who also attended this religious ceremony.

President Menem later denied a news report on the establishment of a new party that he will reportedly lead with UCD [Democratic Centrist Union] Leader Alvaro Alsogaray. Menem said: Politically speaking, I was born in the Justicialist National Movement and I will die in it. There is absolutely no possibility that I will leave the Justialist movement. [passage omitted]

Commenting on a statement by former Lieutenant Colonel Aldo Rico on eventual new military uprisings, which is published in today's newspapers, Menem said: I am not aware of the big problem within the Army mentioned by this character who has already caused so much damage to our nation.

He added: We should seek ways to stop this individual from continuing making statements that cause unrest among the people. I urge the people to disregard such statements because they come from a man that has always been a failure. He failed in the uprisings in which he was involved. He has surrendered throughout his life: He surrendered in the Malvinas war; he surrendered in the Holy Week rebellion; and he again surrendered in the Monte Caseros uprisings.

Menem said: Based on a recording that is now circulating, I am certain that he was involved in the recent uprising because in this recording he admits he was aware of the events and he admits his mistake in not stopping it. [passage omitted]

Asked whether the government is studying the implementation of some economic readjustments, Menem said: Yes, and some of these readjustments are about to be implemented. He added: The privatization process is going well and I believe that the situation will be much better by March or April.

He said: "We estimate that in December the inflation rate will remain in single figures. December has traditionally been a terrible month regarding inflation, particularly because our country has yet to achieve economic stability, because sales increase, and because of other elements that have an impact on the inflation rate. Nevertheless, Menem said: Inflation will not surpass single figures in December and this is quite encouraging. [passage omitted]

Army Source Reveals Number of Arrested Rebels

PY1012125890 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0936 GMT 10 Dec 90

[Excerpt] Buenos Aires, 10 Dec (NA)—The number of military men and civilians held under arrest for being linked to the rebellious uprising on 3 December now stands at 646, according to high-ranking Armed Forces sources. This figure is nearly double the figure that was officially released by the Defense Ministry on 5 December.

The number of Painted Faces held now totals 581, including 30 officers, 465 noncommissioned officers, and 86 persons who still have to be investigated to find out if they belong to any of the forces.

A military source has told NOTICIAS ARGENTINAS that 47 members of the Coast Guard service and 18 civilians must be added to the above figures.

Those arrested are being held in the former Magdalena Penal Institute, where the former military junta members are currently lodged; in the military prison in Campo de Mayo; in the Grenadiers Regiment; in the Sierra Chic Prison, where 40 persons are being held; and in the Olavarria Regiment, where 20 military men are being held.

In view of the large number arrested on 3 December and in view of the need to accelerate the appropriate investigations, the Supreme Council of the Armed Forces has decided to increase the number of its members to between seven and 12.

The same sources indicated that the new members of the Council will visit the places where the numerous arrested persons are being held to take evidence. This evidence will be studied by the top military court which will then decide whether to release them or remand them in custody.

Meanwhile, Majors Hugo Reinaldo Abbete and Diego Zacarias testified before the Supreme Council at its seat in Carlos Pellegrini Street and were then taken back to their place of detention in Campo de Mayo.

Abbete actively participated in the Painted Faces takeover of the Patricios Regiment in Palermo and acted as the spokesman of the rebels.

Zacarias was one of the leaders of the group that took over the Argentine Medium Tank State Enterprise in Boulogne, together with Colonel Manuel Cichetti, the commander of the factory, who has already testified before the council. [passage omitted]

Jurisdiction Dispute Over Rebels Described

PY1112001090 Buenos Aires BUENOS AIRES HERALD in English 10 Dec 90 p 7

[Excerpt] The question over who has the right to try rebel officers involved in last week's carapintada [Painted Faces] uprising remained unresolved yesterday although Federal Appeals Court Prosecutor Luis Moreno Ocampo declared that he had decided in favour of the Armed Forces Supreme Council. Meanwhile, cashiered Lt-Colonel Aldo Rico, a carapintada leader involved in earlier rebellions, declared yesterday that there will be another revolt in the next six to 12 months.

Armed Forces Supreme Council spokesman Colonel Felix Isla Rodriguez said the council has received "precise instructions" from President Carlos Menem to try all carapintada officers by "military tribunal."

This will be bad news for Judge Miguel Pons, investigating civilians and Coast Guards allied with the rebels, who holds that under the defence of democracy law the rebel military officers come under his jurisdiction and claimed that the matter would be cleared up some time this week.

Pons, who was studying the testimonies of 82 civilians and Coast Guards [as published] at the Central Law Courts yesterday, maintained his right to try the carapintada rebels stating that the case was not the exclusive property of the Armed Forces but "of interest to the whole nation."

Federal Appeals Court Prosecutor Luis Moreno Ocampo declared yesterday that he had decided that the right to try the rebel officers lay with the Supreme Council but the Federal Appeals Court has not yet ruled in favour of Ocampo's decision.

Meanwhile San Isidro Judge Daniel Alberto Piotti contradicted Pons stating that the military had "complete" competence to try carapintada officers involved in last week's fracas. Speaking on Radio America Piotti said military justice was preferable "because the sentences are more severe and the procedures shorter."

The Appeals Court is expected to rule in favour of Pons but the military would then take the case to the Supreme Court, the last court of appeal. If this happens, the Supreme Court is expected to break the deadlock by following Menem's wishes and ruling in favour of the military.

Cashiered Lt-Colonel Rico claimed that there could be further unrest if solutions are not found to problems which still "persist" within the Armed Forces. Speaking on Radio Mitre, Rico said that "we are permanently on the verge of revolt, although the rebels change, the causes remain the same."

Rico, who is alleged to have had previous knowledge of last week's uprising, claimed that Justice Undersecretary Cesar Arias had been in contact with retired Colonel Mohamed Ali Seineldin (who has claimed responsibility for last Monday's events) and that Arias had known beforehand of the rebellion.

Presidential Chief of Staff Eduardo Bauza sought to confirm that last week's rebellion had substantial financial backing stating that many of the rebel officers arrested had between 400 and 500 dollars in their wallets. Bauza declared that last week's uprising was "the last Army rebellion in Argentina," and said that "problems won't be solved by military revolt." [passage omitted]

Rico To Be Tried in Civilian Court

PY1012175890 Buenos Aires Domestic Service in Spanish 1500 GMT 10 Dec 90

[Report from Government House by Silvina Martinez Porta]

[Text] Speaking today at the Government House press room, presidential spokesman Humberto Toledo reported that the president has instructed Attorney General Oscar Roger to start immediate legal proceedings against Aldo Rico. Humberto Toledo said:

[Begin recording] [Toledo] Well, the president has instructed the Attorney General to start immediate legal proceedings against former Lieutenant General Aldo Rico. The government believes that Mr. Rico's recent statements violate the Democratic Defense Law, particularly because his statements promote crime.

[Reporter] Is this because of what was published by a Chilean newspaper or because of Rico's telephone conversation?

[Toledo] It is because of Rico's public statements. The government believes that he has violated the Democratic Defense Law which punishes such conduct.

[Reporter] Will these proceedings be handled by the civilian courts?

[Toledo] This is what the president has instructed the attorney general. Therefore, proceedings will be carried out within the jurisdiction of the civilian courts. [end recording]

Moreover, President Menem has confirmed that arrest warrants have been issued against (Enrique Grassi Susini), (Molina Villafane), and 12 other civilians who reportedly are Seineldin's political advisers and members of a group close to him. These persons are suspected of being involved in the uprising of 3 December.

Businessman Jorge Born Denies Role in Rebellion

PY1112023090 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2315 GMT 10 Dec 90

[Text] Buenos Aires, 10 Dec (NA)—Businessman Jorge Born today expressed to Economy Minister Erman Gonzalez his "concern over this campaign against the company he heads, referring to rumors that his company had financed the "Painted Faces" uprising on 3 December. [no closing quotation mark as received]

Born went to Gonzalez' office and said after the meeting that "it would be good if this rumor were denied." Jorge Born pointed out: "It is obvious to the government that we (his company) are not involved in any of these things."

The businessman noted that "the objective of the Argentine economic plan is correct" and praised Minister Gonzalez by saying: "As long as people like this minister remain (in government), we will go far."

Born stressed, however, that "compulsory bank reserves must be reduced, export withholdings must be eliminated, and tax collection must be increased."

Columnist Examines Implications of Rebellion

PY1012015090 Buenos Aires BUENOS AIRES HERALD in English 9 Dec 90 pp 3, 18

[From the "Politics and Labour" column by Michael Soltys: "First the Bad News, Then the Good"]

[Excerpt] Only last Sunday [2 December] this column was speaking of a "burgeoning stability" while another newspaper ran an interview with Army Chief-of-Staff Martin Bonnet with the headline: "The Army is spiritually intact"—a lot of people must have felt like eating a lot of words the next day as the country reeled from the bloodiest military infighting since 1962. But if there was bad news on Monday, there was good news on Wednesday when United States President George Bush's flying visit was a resounding success because of rather than despite what had just happened. Thus even within the bad news there was good news.

But looking at the week in terms of good news and bad news is a bit like peeling the layers off an onion. The tragedy of 13 lives lost and the damage to the country's image as a whole comes first but President Carlos Menem won a singular triumph on Monday by crushing a rebellion in a single day without any concessions and (perhaps) even without any negotiations. The tragedy comes first; then the government's victory over the carapintada [Painted Face] rebels thanks to its overwhelmingly loyal Armed Forces; and then a series of rather disturbing questions, which we will attempt to answer now.

1. Who were they?

The official figures point to exactly 345 men and a woman as having launched this madcap venture because 331 were arrested (266 Army servicemen, 47 members of the Coast Guard and 18 civilians, including a woman and Father Luis Jardin, a would-be mediator) while Lieutenant-Colonel Romero Mundani committed suicide, two non- commissioned officers were killed and 12 more ended up in hospital. But even quantitatively these figures are less than final since they do not include the three units who rebelled in Entre Rios with 16 tanks before the Air Force attack scattered them. Moreover, culling rebel totals at the five hotspots in Buenos Aires itself from Tuesday's newspapers adds up to diferent figures. These five hotspots were:

a) Army headquarters, overlooking Government House just 100 yards away, which were seized by 123 rebels under Captain Gustavo Breide Obeid at 3.30 am and surrendered just after 9 pm on Monday night with Air Force planes threatening to bomb them.

b) Coast Guard headquarters 100 yards away on the other side of Government House, where up to 50 rebels were reported. Some of the most intense gunfire took place there until the surrender around 6.35 pm.

c) The 1st Patricios Regiment in Palermo where 98 rebels under Colonel Luis Baraldini and Major Hugo Abete struck at dawn and holed out until around 6.10 pm when a mortar blew open one of the gate and Baraldini was reportedly tied to a tank by loyalists maddened by the shooting of two senior loyalist officers there.

d) The TAMSE [Argentine Medium Tank Factory, State Enterprise] tank factory in Boulogne where 90 rebels were headed by Lieutenant- Colonel Romero Mundani. During the afternoon some 60 of them moved on in 11 tanks, apparently in the direction of Mercedes, killing five bus passengers on the way. They left 30 rebels behind, who surrendered around 7.30 pm.

e) The military training school in El Palomar, which was the calmest and shortest incident, with 66 carapintadas under Colonel Oscar Vega surrendering as early as 10 am.

And out in Buenos Aires there were 30 rebels wandering around the 25 de Mayo area in three tanks and two jeeps. All these figures add up to 457, not 346, which means either considerable inaccuracies in the numbers reported

or that many escaped. But either way they were little more than one percent of the 29,700-strong Army.

But an even more striking figure is that only 17 of the Army's 5,700 officers joined in and this is absolutely central to analysis of this fourth carapintada wave. When loyalist Lieutenant-Colonel Hernan Pita was callously shot in Palermo by a corporal (now conveniently identified as the dead Rolando Morales), it could have been a rush of blood or it could be the expression of years of non- commissioned officer wrath against superiors who have successively lost them the Malvinas War (defeated Commander Mario Benjamin Menendez was absurdly decorated for his disastrous efforts just three days before the uprising), control of government and anything resembling decent pay. Whatever the reasons, it was generally agreed that the killing greatly added to both the strength and ferocity of the loyalist response. In part the Army was maddened by this breach of the unspoken rules of generally bloodless military factional rivalry, in part the vast majority of the Army is sick of the reputation the carapintadas have given them but there was also an element o self-defense against increasingly rambunctios NCO's.

Even among the 17 officers the chain of command was unclear. Nominally, the most senior officers were the three colonels—Baraldini, Vega and Romero Mundani—but they all came across as weaker than Major Abete, Captain Breide Obeid, Major Jorge Mones Ruiz and Lieutenant-Colonel Osvaldo Tevere. Thus Abete was much more prominent in Palermo than Baraldini. This is important if there is a real danger of the colonels facing a firing-squad—were they really the guiltiest? And Seineldin's hold of these men is just as shaky. Six weeks ago this column said that Seineldin provoked Menem into sending him to prison out of cowardice because he simply could't handle his men and this would appear to be correct.

The overwhelming NCO majority among the rebels and the loose chain of command are symptomatic of a massive problem in both the discipline and morale of the Armed Forces, which can congratulate themselves for putting down the rebellion so quickly but also badly need reorganization and a new purpose in life.

2. Why Monday?

As it happened, December 3 was the second anniversary of Colonel Mohamed Ali Seineldin's transfer from Campo de Mayo to the Villa Martelli barracks which gave his 1988 rebellion its name, but this is probably only coincidence. The obvious answer was that they intended to disrupt President Bush's visit scheduled for only 48 hours later and thus embarrass Menem (and perhaps also Bush, who is no friend of Seineldin's heroes Manuel Noriega and Saddam Husayn). If this was the aim, it backfired considerably because they played straight into Bush's hands—Menem asked the population to welcome Bush and the carapintadas ensured it.

But it is also significant that the Army restructuring was to have been announced on Monday (in the end it was postponed to Friday). Under these reforms most Army property including Campo de Mayo where the carapintada movement started back in 1987 would have been sold off—precisely Army headquarters and the Patricios Regiment would have been about all left in Buenos Aires with most units being pulled out towards the frontiers, meaning the end of Argentina's traditionally political Army. The dawn attack on Monday can thus be seen as a preemptive strike against this. Their action has not significantly postponed the privatization of Army property but it has changed the destination of the proceeds, which will now accrue entirely to the military—Economy Minister Antonio Erman Gonzalez thus loses half. Everybody is delighted with military loyalty but it never comes free: not only a mass pardon last year and a junta pardon by Christmas but privatizacion proceeds as well.

There was also a personal timetable involved with certain key officers like Captain Breide Obeid being only days away from being retired out of the force, exactly the same situation which prompted Seineldin to act in 1988.

3. Was it a coup attempt?

Menem said yes while Abete recognized his authority as Armed Forces chief-of-staff and said they wanted Seineldin (once Menem's hero) as Army Chief-of-Staff. But according to some accounts they wanted to kill Menem, his brother Eduardo, congressional Peronist leader Jose Luis Manzano, Public Works Minister Roberto Dromi, presidential chief-of-staff Eduardo Bauza (all members of the Peronist light-blue faction, which looks suspicious like an effort to gain political advantage) and Radicals Federico Storani, Leopoldo Moreau ane Enrique Nosiglia. According to another rumor, they also wanted to name their own men to the Economy, Defense and Foreign Ministries. But even if their ambitions had been limited to replacing Bonnet with Seineldin (another rumour had General Eduardo Soria as their nominee), they would have been showing gross disrespect for the President in pushing an officer imprisoned for insubordination with Menem's full approval. And who can seriusly doubt that as Army Chief-of-Staff, Seineldi would have broken off relations with Britain and pulled back Argentine ships from the Gulf and the very least?

4. Who was behind them?

Menem himself, Manzano, Bonnet and former Army Chief-of-Staff Jorge Arguindeguy were all quick to ask where the money for a seven- pronged attack came from with Bonnet calling the carapintadas civilian pawns. When poor Jorge Sivak committed suicide on Wednesday, there were rummours that he had somehow been cajoled into becoming the carapintada financier, as David Graiver was for the Montoneros, but the 20

billion austral debts of his Buenos Aires Building company argue against this. The export-oriented multinational Bunge & Born alfo faces pointing fingers (even though both families have Jewish blood like Sivak and thus little in common with quasi-fascist nationalists) supposedly out of desperation with a dollar which fell below 5,000 australs at frequent points last week. Other suspects are firms supporting the always pro-military Movement for ntegration and Development or companies which simply oelieve in hedging their political bets. But perhaps the government's favourite business culprits are memvers of the so- called "contractual fatherland"—companies which formerly lived off bloated state contracts and now feel threatened by privatization. Finally, a Venezuelan newspaper suspected Saddam Husayn.

5. Was there any advance warning?

Even though Seineldin's confinement for insubordination came precisely because six weeks ago he skipped the chain of command in sending Menem a letter warning of military unrest, intelligence gave every appearance of being caught unawares, spending the previous week chasing up stray Bolivian and Chilean terrorists. When asked what intelligence knew, President Menem said it was a "state secret." But some government spokesmen, including Senator Eduardo Menem, seemed to prefer to give the impression that they knew all about it, but let them go ahead in order to flush them out into the open and crush them once and for all. But if this were true, it would be stupider than mere ignorance. The cost in lives, material damage (estimated by Economy Minister Antonio Erman Gonzalez at 10 billion dollars on the basis of a lost workday or 300-500 million dollars according to other accounts), the harm to Argentina's image and investment prospects, the enormous symbolic importance of Army headquarters was all way too high—having carapintadas running around in Entre Rios is one thing but within 100 yards of Government House on the eve of President Bush's visit another thing altogether. The most likely explanation is that "Wolf!" had been cried so often that intelligence ignored the warning signs and are now too proud to admit it.

But there is one question about advance knowledge of the coup which has still to be asked. According to rebel plans, they had hopes of uprisings in Tucuman, Jujuy and Mendoza and were seeking support all around the country. Why didn't their recruitment efforts result in their plans being leaked—how loyal were the officers of a supposedly rehabilitated Army if they refused to join the revolt but also did nothing to warn about this impending violence? And under these circumstances how can Menem and Bonnet be so sure that the carapintadas really are finished?

6. Where does this leave the pardon?

Menem is determined to go ahead with a pardon for convicted junta members by Christmas. Before the revolt Menem had been confirming the pardon about 10 times a week and adding new names but does not seem to see any need to change his mind in view of the rebellious behavior of some of the people he pardoned—on the contrary, he evidently feels that his pardon policies have done the trick in ensuring loyalist support. Nevertheless, he pardons are a double- edged sword. Firstly, it is crass in consistency to perhaps execute rebels for a dozen deaths and pardon those responsible for mass murder at the same time. Secondly, it is true that only seven of the 170 beneficiaries of the last pardons joined this revolt but at least two of them were Seineldin's right-hand men in the Villa Martelli uprising: Coast Guard Albatros anti-terrorist squad leader Ramon Sagastizabal, who started the 1988 uprising when he set out with 53 heavily-armed men on December 1 (the day before Seineldin showed up in Campo de Mayo) and Major Abete, who kept the rebellion going in Mercedes for four days after Seineldin's surrender. Just these two repeat offenders alone show the folly of the last pardon.

7. What happens now?

Menem shows every sign of being intent on the death penalty after a summary trial as an exemplary punishment and it is indeed difficult to disagree with the 57 percent majority of the general public which would quite cheerfully shoot them. It is also true that the carapintadas started the bloodshed by cold-bloodly shooting Lieutenant-Colonel Pita and Major Federico Perdenera, breaking the unspoken rules of the usual military mating dance, but the 1956 execution of Peronist rebel general Juan Jose Valle is a permanent reminder of the danger of chains of violence (the Montoneros killed ex-president Pedro Aramburu in revenge, the military killed Montoneros, etc.)

Also important for the verdict is whether a coup attempt was involved—Education and Justice Minister Antonio Salonia called the rising a "mutiny" from Spain. There is already a tussle between military justice and Federal Judge Miguel Pons, although Menem is in no mood to brook the usual delays of civilian service. The crimes were committed on Army property, thus making for a military trial, but there was no martial law which would permit a firing-squad. Under Radical President Raul Alfonsin's reforms of the Militay Code of Justice, all military verdicts must go to the Federal Appeals Court, which would probably commute any sentence to 25 years.

But on Tuesday Seineldin himself raised an alternative scenario when he assumed responsibility for the uprising, despite having the perfect alibi of being more than 1,000 kilometres away in San Martin—some say the letter was dictated under pressure. This offers the elegant solution of limiting the executions to Seineldin if he does not commit suicide first according to one rumor or if the other main carapintada figure Aldo Rico does not carry out his threats to kill him (among other bizarre statements)—Memem seems to have the carapintadas divided just as he has both major parties, the labour movement and most of the other potential opposition.

Apart from these questions, there were also some other interesting aspects and the inevitable reactions. Most of the events were extraordinarily well-covered by the media and four journalists were wounded in the process. The violence was white-hot at times. Quite apart from the bloodshed and such incidents as rebels firing at the helicopter carrying Vice-President Eduardo Duhalde, it was quite extraordinary to see Army units blasting away at their own property in Palermo but even more so, to see a Peronist president sending naval planes flying over the Plaza de Mayo after the 1955 massacre of a Peronist crowd by similar aircraft. There was a state of siege from 7 am on Monday to 9.30 pm on Tuesday, which was lifted just in time for George Bush's visit. There was also a bank holiday on Monday afternoon after the dollar briefly hit 5,300 australs and Jorge Newberry Airport was closed most of the day.

The reactions were fairly predictable with international support for Menem and local repudiation of the coup. The bloodshed and the highly traumatic seizure of such a central location as Army headquarters convinced most people that this was the worst carapintada uprising even even though Seineldin had more troops at Villa Martelli and although five provinces were involved in Rico's Monte Caseros uprising. For about the first time ever the carapintadas had virtually no trade union support apart from a tepid mediation offer by shop clerks leader Armando Cavalieri. Alfonsin rther surprisingly blamed the economy while former Third Army Corps commander Luciano Benjamin Menemdez blamed Alfonsin. The 1989 Radical presidential candidate Eduardo Angeloz pronounced himself firmly against the pardon for the junta members which he was supporting less than two months ago.

Final Reflections

The balance between the positive and negative is very difficult to make. In many ways Menem himself has emerged strengthened with his display of resolution and public opinion polls give him 76 percent support. Menem's success in this crisis is flatteringly compared with Alfonsin's handling of the three military uprisings he had to suffer, when he ended up making substantial concessions in at least two cases, even if the comparison is somewhat unfair—Alfonsin did not have the same firepower as Menem and probably had very little choice. It still makes for an extremely bad press abroad to have to suffer a fourth military uprising in only 44 months even though the quick repression was impressive, especially since a country like Chad was having the same problem at the time—the carapintadas certainly have a very warped idea of patriotism with the harm they do to the national image.

Nice one, George

Menem may have emerged consolidated from this tragedy but in many ways the real hero was President Bush, who did not consider for a minute any change in his plans for what he regarded as military turmoil—on the contrary, "his resolve to stand shoulder to shoulder with the Argentine people was strengthened," he said. This was vital and the Argentine people have already shown their appreciation with a warm welcome: a pleasant surprise. Thanks to Bush's insistence on going through with his 22-hour visit, Argentina not only had the benefit of his symbolic support but the chance to feature in the world press with some good news as well as bad. [passage omitted]

Cavallo To Sign Investment Agreement in London

PY1012024890 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1442 GMT 9 Dec 90

[Text] Buenos Aires, 9 Dec (NA)—Foreign Minister Domingo Cavallo will leave tomorrow for London, where he and his British counterpart, Douglas Hurd, will sign an agreement on the promotion and protection of investments. The Agreement will ecourage British investments in Argentina by giving them legal stability. Cavallo will go to the UK from Brussels, where he has been attending the Uruguay Round of GATT.

The accord—to be signed on Tuesday, 11 December—will provide for the promotion and protection of investments by giving them legal stability. It will also implement rules for freedom of the exchange market and on the remittance of capital and dividends that were established by the Argentine Government in 1989.

The Argentine Foreign Ministry has reported that Cavallo will also meet with "Ladbroke Group" hotel managers and with bankers.

In statements made today to the morning paper PAGINA 12, Cavallo said: "President George Bush feels Argentina is a trustworthy country," and the fact that he trusts Argentina was evident when he decided to make his 3 December visit despite the fact that the military mutiny had not yet been completely clarified. Concerning subsidies for the agricultural sector, Cavallo said: "The two countries want them to be eliminated but the United States continues to apply subsidies with the excuse that European countries apply them; thus, it contributes to a sort of commercial war."

Cavallo said Menem and Bush agreed that "if the Uruguay Round of GATT fails, everything possible has to be done at the bilateral level so politics do not harm Argentine exporters."

Concerning the authorization request to the Senate on maintaining the two Argentine vessels in the Persian Gulf in case of military action, Cavallo said: "Considering that the United Nations has authorized the use of the force, we think we will need the congressional authorization to keep the ships in the Persian Gulf.

Bolivia

Bomb Explodes Near U.S. Ambassador's Residence

PY1112010690 Madrid EFE in Spanish 0039 GMT 10 Dec 90

[Text] La Paz, 10 Dec (EFE)—The Bolivian Police have reported that a bomb exploded in front of the Defense Ministry in La Paz, a few meters away from the residence of U.S. Ambassador Robert Gelbard.

The explosion, which took place at 1915 local time (2315 GMT), destroyed a wall and a lamp post in Avaroa Plaza, a square in the posh neighborhood of Sopocachi, less than 100 meters away from police headquarters.

According to official information, the explosive used was ammonium gelignite, more powerful than dynamite. No terrorist group has yet claimed responsibility for the attack.

CNPZ, ELN Send Letters to Radio Stations

PY1112025090 La Paz Radio Fides in Spanish 2300 GMT 10 Dec 90

[Text] Two letters were received by communications media today. The first was read to our listeners twice this morning, during the "Country Hour" and "Central Fides" programs, and the second was sent to Carlos Palenque [director of RTP Systems, Channel 4 and Metropolitan Radio]. It should be noted that while the letter to Radio Fides is signed by the CNPZ [Nestor Paz Zamora Commission], the letter to Palenque is signed by the ELN [Army of National Liberation].

We will now read the full text of the second letter, with a title on top that says: The Truth.

The actions against the CNPZ are not managed by the interior minister; Capobianco is nothing but a CIA puppet in Bolivia. The latest operation was planned at the U.S. Embassy. The Bolivian head of the CIA in Bolivia is the well-known Negro Linares, the police colonel famous for the crime against the husband of Loyola Guzman, the kidnapping of President Siles Suazo, and others.

This obnoxious character is the head of state security, and his lieutenant is Carlos Valverde, the son of a well-known terrorist. These two characters are the criminals who killed members of the CNPZ in a cowardly way. They will soon be judged, as will Luis Loaiza for betraying the cause and siding with executioners and criminals.

[Signed] Fatherland or death, we shall win. ELN.

This letter was addressed to Mr. Carlos Palenque, director of RTP Systems, Channel 4 and Metropolitan Radio. We thank Mr. Carlos Palenque for making available the letter we have just read.

Security Organs Investigate 40 CNPZ Members

PY1012174490 La Paz Radio Fides in Spanish 1100 GMT 10 Dec 90

[Text] Santa Cruz security organizations confirmed a few hours ago that they are investigating 40 persons suspected of being members of the Nestor Paz Zamora Commission [CNPZ]. The CNPZ is responsible for the kidnapping and assassination of businessman Jorge Lonsdale [Coca Cola manager in Bolivia].

It has been reported that information on the 40 suspects was obtained from a computer that was seized from the CNPZ during the clash with the police.

Several days ago Santa Cruz security organizations carried out dragnet operations in and around Santa Cruz to obtain more information on this case.

National Convergency Axis [ECP] leaders [words indistinct] Popular Patriotic Bloc [BPP], from which reportedly the CNPZ stems, have reported that they are being harassed and watched by Interior Ministry Intelligence Department personnel who have established vigilance posts.

Relatives of the (Catoira) brothers, who are members of the ECP, have also reported they are being harassed. They recently submitted a habeas corpus petition that was rejected.

Security Organizations have also reported that investigations were intensified following the arrest in Santa Cruz of [words indistinct] Vargas.

Regarding the case of this university student, the Santa Cruz courts have upheld a habeas corpus petition submitted by his relatives. The court also requested that Vargas' case be transferred to a civilian court, but this request has yet to be agreed.

Body of CNPZ Member Shows Signs of Torture

PY0712150690 La Paz Radio Fides in Spanish 1100 GMT 7 Dec 90

[Excerpts] Augusto Zalles Secueto, one of the leaders of the Nestor Paz Zamora Committee [as heard] [CNPZ], whom the Interior Ministry had reported as being at large, has allegedly been tortured and killed during questioning sessions. His body was then sent to the morgue of the La Paz Clinical Hospital.

[Words indistinct] of the body with clear signs of torture, and the three bullet wounds on his left side and in his chest coincide with the picture of Augusto Zalles Secueto, who was arrested early this week and questioned until he revealed the location of the CNPZ hideout on Abdon Saavedra Street, Sopocachi District.

The media received contradictory reports last night from the Interior Ministry and from the police, who simply dodged the issue. Contradictory information was

released yesterday afternoon. The police are investigating their own actions, according to National Police Chief General Felipe Carvajal Badani. [passage omitted]

The body of Miguel Northufster, the chief of the CNPZ, lies abandoned in the morgue of the La Paz Clinics Hospital. The bodies of his two comrades have already been picked up by their families for burial. [passage omitted]

Italian Ambassador Giovanni Mingazini [name as heard] also went to the morgue of the La Paz Clinics Hospital to see Miguel Northufster's body.

[Begin recording] [Mingazini] We must first be sure that it is his body.

[Reporter] Has his body been identified?

[Mingazini] No.

[Reporter] We were told you looked at the body, Mr. Ambassador.

[Mingazini] Yes, but it is unrecognizable. I could not recognize him. I only have a picture of him taken some years ago. I could not recognize him.

[Reporter] [Question indistinct]?

[Mingazini] Well, his family will decide this. Northufster's brother is coming to Bolivia. [passage omitted] [end recording]

Senate Rejects Supreme Court Judges' Petition

PY0612013290 La Paz Television Boliviana Network in Spanish 0030 GMT 5 Dec 90

[Text] The Senate rejected early this morning the recusancy filed by eight Bolivian Supreme Court justices. The justices, who are charged with malfeasance, are being prosecuted by the Senate Constitution Committee. Following a ceremony early this morning, Senate President Gonzalo Valda Cardenas reported to journalists on the Senate's decision.

[Begin recording] [Valda] The Senate has decided to reject the petition filed by the Supreme Court justices because it has no legal or constitutional basis. This has been clearly demonstrated from the legal viewpoint. I should note that the Senate Constitution Committee has demonstrated that these petitions are mere delaying tactics, which are called chicanery in legal jargon. They seek to prevent discussion on whether there was malfeasance, which is the central topic of the trial. The Bolivian people want to know whether there was malfeasance, and evidence for the defense should be submitted. Consequently, some petitions are actually delaying tactics used to impede the legal process.

Fortunately, the Bolivian people have experience in such matters, and it has been clearly demonstrated that a majority of the Senate approved this decision, which is strictly subject to existing laws.

[Reporter] [Question indistinct]?

[Valda] That is absolutely correct. The vote against the recusancy, made by Garcia Meza's defense counsel on 16 February 1986, was also correct. Making a recusancy in no way invalidates any congressman. A congressman's duties are only suspended when two-thirds of the chamber to which he belongs denies him permission, otherwise he has a legitimate right to participate. [end recording]

Finance Minister Discusses Economic Issues

PY0912191690 La Paz Television Boliviana Network in Spanish 0030 GMT 7 Dec 90

[Text] Finance Minister David Blanco stated today that 1990 exports amount to approximately $900 million, while imports amount to approximately $700 million. In a statement to the media, Finance Minister David Blanco disclosed some the economic issues he will raise during the cabinet meeting.

[Begin Blanco recording, in progress] ...refers to the economic indicators as a whole. We have probably, so far, only emphasized three or four of them, which have been reported to the public. One of them is our inflation goal of around 12 to 15 percent. In view of developments in the Persian Gulf, our inflation rate for November amounted to 15.47 percent, according to official data reported by the National Statistics Institute. This data also shows that external inflation was largely responsible for this figure. Another important variable in this context is exports, which we estimate will amount to approximately $900 million this year. We still have to refine our estimate because this figure is based on very unreliable statistics. This is just a personal estimate that will be reviewed. As for imports, we believe that in 1990, we will import goods worth approximately $750 million; we believe this figure is quite accurate.

As for the country's savings, the figures are above our expectations. We still need to review the 1991 public expenditure projections, review the size of the state apparatus, and carry out concrete actions in the privatization field. [end recording]

Minister Blanco elaborated on the situation of the revenue offices.

[Begin Blanco recording] Our expectations for tax collection have been fulfilled. The figure reflecting the effective collection of taxes probably shows the budget projection has not been met, but I want to make it very clear that progress has been made in collecting internal revenues in the form of financial instruments, which are good for discharging tax obligations but do not bring in cash for the nation's Treasury. I am referring to various tax incentives offered in the form of CRA [expansion unknown], Senocren [expansion unknown], or redeemable tax bonds. As a matter of fact, internal revenue has been equal or even slightly higher than that estimated in the budget. This situation will improve in December, but

the cash flow into the Treasury has been only 10 to 15 percent. My explanation is based on the financial instruments.

Regarding customs house duties, there has been an impact due to the reduction of tariffs. You will recall that we reduced tariffs on all goods from 16 to 10 percent. We had planned to do that in September 1991, but we did it in September 1990. On customs house duties, I would say we are collecting 20 percent less than what we should. [end recording]

Mining Minister Evaluates Comibol Deficit

PY0912020890 La Paz Television Boliviana Network in Spanish 0030 GMT 7 Dec 90

[Text] Mining and Metallurgy Minister Walter Soriano Lea Plaza said today that the deficit for the Mining Corporation of Bolivia [Comibol] is about $3 million. He added that efforts are being made to overcome this deficit through several political and economic measures. He said:

[Begin recording] [Soriano] For various reasons—mainly, the drop in not only tin prices, but mineral prices in general—this sector is going through a very serious crisis. We are trying to overcome this situation through national or foreign financing to create more jobs and provide higher salaries. To do that we need investment, a type of investment that will also allow industrial mining operations that are currently unprofitable. We will be able to make them more profitable only with new technology, equipment, and machinery. To do this we need new investment. This is what we are trying to do. It is false that we are trying to destroy Comibol. What we are trying to do through investments is strengthen Comibol by strengthening its production activities in the extraction of minerals.

In other words, what we are trying to do is get a partner to share the risks, to provide investment so we will not have to pay bank interest rates. This is what we are seeking. We want the mining sector to get back to an acceptable level after many years.

[Reporter] How much is Comibol's deficit?

[Soriano] The deficit is approximately $3.5 million. We believe this deficit can be overcome quickly if we get investments with new technology. As I said in the last few months the prices of tin and other minerals like silver, lead, and zinc have dropped; this is the reason for the current situation despite efforts made within Comibol. [end recording]

Brazil

Bush Visit Compared With Other Stopovers

PY1012143490 Rio de Janeiro O GLOBO (Economic Section) in Portuguese 9 Dec 90 p 1

[Report by Paulo Sotero]

[Text] Last week President Fernando Collor selected the visit of President George Bush visit to inaugurate a new reception protocol for foreign dignitaries. Following the White House model, Collor sent the foreign minister to meet Bush at the airport and gave his welcoming words at the Planalto Palace. This scenario marked one of the many formal and substantial contrasts between the U.S. leader's visit to Brazil and the other four Latin American countries that he visited.

In Argentina, where a very grateful Carlos Menem received Bush as a type of envoy of salvation less than 48 hours after facing a military rebellion, the U.S. leader pontificated about "helping with the private creditors." Just two days before, members of his entourage rejected that same idea of unraveling the negotiation of the Brazilian foreign debt. In Chile, Bush stated that the conditions are now right for a strong increase of foreign investment in the country, and he predicted that $13.2 billion in risk capital would be invested during the next four years; this is more than the total U.S. investment in Brazil. The support demonstrated for Collor's economic reform program was pure rhetoric and it came with a warning: The transition will not be easy.

In Montevideo, Buenos Aires, Santiago, and Caracas the hosts fell over themselves in courtesies to charm the U.S. President, a politician who believes in the virtues of personal diplomacy. They did not lose one opportunity to share the footlights with Bush knowing that the lights would only shine on the illustrious guest.

Uruguayan President Luis Alberto Lacalle illustrated the situation when he introduced Bush at a news conference on 5 December announcing that "I am not the important person here."

Collor preferred not to give a news conference with Bush, and he arrived 10 minutes late at the dinner that he offered for Bush. Between dessert and coffee his toast to the guest was a 25-minute speech in which he greeted "the partnership" between Brazil and the United States, although he made it clear that his government will not sacrifice positions that he considers vital for the stabilization program, beginning with the foreign debt.

The contrast between the tone of protocol Bush's visit to Brasilia and the warm atmosphere that marked his visit to the other capitals was not only noted by members of the U.S. President's entourage. In Uruguay, one of the world's rare countries where the practical importance of Brazil and the United States could be considered comparable, a well-informed political personality commented after the meeting between Lacalle and Bush that when the topic of the foreign debt, which dominated the talks in Brasilia, was discussed the two parties toed the hard line. "They are two large countries and therefore they deal with each other from a certain distance."

This distance will tend to increase during the next few weeks despite Bush's praise of his "friend" Collor and the progress that has been achieved in some areas of the relations between the two countries. Without making an effort to hide

his irritation regarding Brazil's negotiating position with the banks, Treasury Under Secretary (International Affairs) David Mulford told Brazilian businessmen during the Itamaraty dinner that he could not foresee any evolution in this year's talks, which practically ensures another reclassification of the credits that U.S. banks will grant to Brazil. This fact, combined with the effect of a strong recession that the government is already admitting for 1991, will reduce the elbowroom and willingness for an understanding between the parties.

Collor Calls For 'Peaceful Solution' in Gulf

PY1112014090 Brasilia Domestic Service in Portuguese 2100 GMT 10 Dec 90

[Text] Visiting with newly promoted generals of the Armed Forces—six in the Army, four in Aeronautics, and three in the Navy—President Fernando Collor took the opportunity to share his concerns over the Persian Gulf. President Collor also reaffirmed the Brazilian Government's position that a solution that ensures peace and respect for international laws should be pursued.

[Begin Collor recording] We support basic compliance with the UN Charter and the specific resolutions of the UN Security Council. We expect, however, that all paths to a peaceful solution will be explored to avoid an armed confrontation. The situation in the Persian Gulf calls for rationality and prudence by all world leaders. Human lives are at stake, as are serious economic losses for the majority of the world's countries, including Brazil. The very stability of international order is at risk. [end recording]

According to President Collor, the impact and complexity of decisions being made in the Persian Gulf crisis illustrate the responsibilities assumed by leaders and, by delegation, military commanders.

* Cardoso Invited to Socialist Meeting in Spain

91SM0085C Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Oct 90 p A7

[Article by Clovis Rossi]

[Text] The Socialist International and the communist movement will meet in Seville, Spain, from 16 to 18 December to begin the process of merging the two movements, which for the past 70 years have been inevitable but irreconcilable points of reference for nearly all parties and groups to the left of center.

That initiative at the international level will necessarily have repercussions on the Brazilian party political scene, especially since one of the guests at the meeting in Seville will be Senator Fernando Henrique Cardoso (PSDB [Brazilian Social Democracy Party], Sao Paulo).

The merger movement already has a provisional name—Socialism of the Future—and is presided over by a big gun in the Socialist International: Alfonso Guerra, first deputy prime minister of the Spanish Government, which is headed by Felipe Gonzalez. It also has a magazine with the same name as the movement, and the first issue of that magazine opens with an article by Mikhail Gorbachev, the recent winner of the Nobel Peace Prize and president of the Soviet Union.

Gorbachev's article is not the only indication that the merger is progressing at a reasonably fast pace: the magazine's editorial board includes not only members of the Spanish Socialist Workers Party (PSOE)—the party in power in Spain—but also representatives of the Italian Communist Party (PCI).

The secretary general of the PCI, Achille Ochetto, is making an effort to unite all leftist movements in his country under the banner of social democracy now that communism has become an accursed and outmoded word.

The embryo of a similar discussion exists in Brazil. It involves the establishment of what is being called a new party space capable of uniting, both inside and outside Congress, those movements calling themselves social democratic. The Brazilian Communist Party (PCB) is just concluding an internal seminar at which that topic was on the agenda, and the PDT [Democratic Workers Party] and PSDB are also participating in the same type of debate.

FOLHA DE SAO PAULO has already reported on the proposal by the PSDB leader in the Federal Chamber, Euclides Scalco, that a social democratic bloc be formed in Congress to serve as the embryo of a future merger between the PDT and PSDB. In connection with that proposal, there has now been one step backward and one step forward.

The step backward is that the idea of a bloc is being abandoned because of mutual suspicions and giving way to a permanent mechanism for consultations between the two parties. That mechanism would be open to participation by congressmen in other parties which might be sympathetic to social democracy.

The step forward consists of making plans to hold seminars, debates, and joint meetings with the participation of representatives of civil society who also fit the general description of social democrats. The Brazilian organizers of this new political space believe that people in the PMDB [Brazilian Democratic Movement Party], the PSB [Brazilian Socialist Party], and the PCB would swell the ranks of this movement, but feel that the PT [Workers Party] would exclude itself.

The Workers Party is the only party to include groups such as the Trotskyites, who have never participated in either the Socialist International or the Communist International, only in Trotskyite internationals, a movement replete with internal factions.

*** Requirements for Receiving Japanese Aid Listed**

91SM0121A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Nov 90 pp 1, 17

[Report by Celso Pinto]

[Text] Tokyo—If Brazil wants to start Japanese capital flowing again, it will have to submit a new proposal for handling the external debt and come to terms with its creditor banks, the IMF, and the Club of Paris; pay off its arrearages to the Japanese Government, now about $500 million; and convince businessmen that the economy is under control. President Fernando Collor de Mello's trip to Tokyo this week made a generally good impression, but hardly scratched the surface of the problems.

This list of requirements seems tough, but it is realistic. This newspaper has talked with businessmen, bankers, and knowledgeable officials in the Ministry of Finance of Japan. The appraisals given by these different sources were quite similar on certain basic points. One of these, which seems to be a precondition for other steps, is the issue of the external debt.

Seiichi Ikeda, general manager for Latin America of Bank of Tokyo—who represents the Japanese banks on the committee of creditor banks—put it clearly: Brazil's initial proposal is not acceptable. "You cannot negotiate a comprehensive agreement on the debt until Brazil settles the issue of the overdue interest payments," he declared. The concept of "ability to pay," used as the basis for the Brazilian proposal, "is unacceptable." Until there is some reasonable agreement with the banks, he says, Japanese companies will not seriously consider a resumption of investments in this country.

Hiroya Ichikawa, director of the powerful Keidanren, the federation of Japanese economic organizations—where Collor had his most important Tokyo meeting on Wednesday—agrees with Ikeda. A resumption of Japanese investment in Brazil depends on whether the country reaches an agreement with the banks, the IMF, and the World Bank—and "returns to the international financial community." It also depends, of course, on success in the economy. "I do not believe that the Collor administration has been successful, so far, in controlling the economy," he said frankly. Ichikawa has already visited Brazil more than ten times, and people like former Minister Delfim Netto consider him to be a key figure in the Keidanren as regards Brazilian problems.

The list of conditions is no shorter at the Ministry of Finance. Atsuhiko Ikeda, deputy director of the International Banking Division, says that the Japanese Government is neutral as regards winners and losers in the debt negotiations. He says, however, that the reduction of the debt that was built into the original Brazilian proposal was so big that it would force the banks to assume what is virtually a total loss—and that would be unacceptable. "We hope Brazil and the banks will sit down at the table together and consider the counterproposal submitted by the banks," he suggested.

The preconditions set by the Japanese Government for resuming its credits to Brazil are crystal clear. Before the old package of seven projects under discussion—valued at about $2 billion—can be released, an agreement must be in force between Brazil and the IMF, and Brazil must settle its arrearages with the Japanese Government, explains Hiroaki Igawa, a deputy director of the division of development policy of the International Office of Finance. In order to resolve the problem of the arrearages, it is very likely that Brazil would first have to conclude an agreement with the Club of Paris, he said. Furthermore, as Ikeda noted, since an agreement with the private banks is a precondition for an agreement with the IMF, all the loose ends would be tied up.

According to Igawa, Brazil owes 10.29 billion yen in outstanding interest payments to the Eximbank and 1.1 billion to the Overseas Economic Cooperation Fund (OFCE)—equivalent to $91 million. It also owes 50 billion yen for export insurance, about $400 million in overdue interest payments and penalties, a sum that is likely to rise to 100 billion yen ($800 million) by March of next year. Although this account is with the Ministry of Industry and International Trade (MITI), Igawa says its liquidation is a precondition for the release of the $2 billion package. Collor was reminded of these arrearages during his visit to Tokyo and, according to Seiji Ogasawara, another deputy director in the same section of the finance ministry, promised to study the matter as soon as he gets back to Brazil.

If Brazil goes through the ritual and reaches an agreement with the banks, the Japanese Government might—according to Ikeda, of Finance—participate in some plan to help reduce the debt, as it did with Mexico—maybe to an even larger degree. "We know that the Brazilian debt is larger than the Mexican one," he acknowledges.

Collor gave a speech in Tokyo on Wednesday in which he sought to show creditors that Brazil is willing to renegotiate its original proposal on the debt. However, his message may not have been fully assimilated. "I did not see any substantive change," said Seiichi Ikeda, of the Bank of Tokyo. "We agree with the general idea, but he did not give us any details."

Tougher Stance

The banks' counterproposal, which calls for refinancing two thirds of the overdue interest through five-year bonds bearing interest at 1 percent above the Libor was, according to Seiichi Ikeda, endorsed only very reluctantly by Japanese banks. They are unwilling to enter into schemes that involve new money, and the problems they have been facing recently (with declines in the stock market and in real estate) have made their position "possibly tougher." Although they have made provisions to help cover their loans to the Third World, the banks do not want to take losses.

There is some confusion about the provisions for losses made by Japanese banks. Until 1988, the government was saying that reserves of 15 percent of the total would

be the upper limit. In 1989, the limit was abolished and a level of 25 percent was recommended, then adopted by all the banks. This figure seems low when compared with the reserves, as high as 75 percent, that have been set aside by British or U.S. banks, but it is not. Ikeda, of the Ministry of Finance, says that in Japan, this 25 percent consists of funds on which the banks have already paid income tax, whereas in other countries the banks will not pay tax unless they actually use the reserve. So the Japanese 25 percent is equivalent to "50 or 60 percent in other countries."

Although this means they would be able to absorb losses, Japanese banks are reluctant to sell their Third World assets. There were practically no transactions of that type until recently, and although the number of such transactions between Japanese banks has increased, there are still relatively few of them, according to Akio Fukuda, senior regional manager of the Bank of Tokyo. Furthermore, only Bank of Tokyo has a team in New York assigned to conclude transactions involving Third World assets (something that has proved very lucrative for several international banks). This conservative posture of the Japanese banks complicates their acceptance of certain terms of the debt renegotiation.

Even more difficult than overcoming the problems on the debt issue is changing Brazil's image. The Keidanren's Ichikawa believes there is a great deal to be done, starting with building confidence in President Collor himself. "I am not very optimistic," he said. "I have doubts about how Collor is going to handle his position of leadership."

He drew a comparison with the image of Mexican President Carlos Salinas de Gortari, who succeeded in implanting the idea that reforms are actually in progress in his country, and pointed to the absence of similar developments in Brazil. "Salinas seems to have prepared his economic program before he took office," he argues. "Collor is a newcomer and that is a disadvantage."

He does not know, for example, whether the Brazilian president has the "political leadership quality that permits him to accept being unpopular." When a president "keeps smiling and pretending to the public that everything is all right, that is just when things will not go well," he argues. Ichikawa has doubts about the depth of Collor's political support in the Congress, and hence about whether he will be able to be the strong leader that Brazil needs.

These kinds of doubts and impressions, says Ichikawa, are common among Japanese businessmen. Even the policy of opening the market to imports is questioned. "Brazil is a very large ship that has to be piloted carefully," was the analogy he cited. If the relaxation is not carefully handled, "it could be worse and kill the patient."

Ikeda, of Bank of Tokyo, also has doubts, but they focus on the effect of freer imports on Brazil's foreign exchange.

The fact is that the image of the Brazil of the "miracle 1970's" has dissipated. Today, says Ichikawa, the flow of investments into Latin America has indeed slowed. The account books show some increases because of the financial flows (for example, money that goes into the tax havens of the Caribbean), but there is a retraction in the productive area. A year ago, the Keidanren set up an institute, JIDO, and capitalized it at 7 billion yen ($56 million). Its purpose is to stimulate private investment in developing areas, like Brazil. So far, however, no project has been approved for Brazil.

Demonstrate Change

During the 1980's, the Japanese went looking for other areas, especially in Asia, in which to concentrate their investments. Meanwhile, the emphasis was changing in Brazil: investment potential was no longer limited to projects associated with the exploitation of natural resources. Now there would be opportunities for the Japanese to enter other fields, such as biotechnology. First of all, however, Ichikawa says, Brazil must prove that it has changed. "Mexico has passed that test, but Brazil still has not," was his analysis.

This impression is widespread among businessmen. They want to "wait and see" what the future holds for the Collor Plan before taking any bolder steps as regards Brazil.

Seiichi Ikeda, of Bank of Tokyo, summed up this view by saying, approvingly, that "the general impression of President Collor is very good: he is active, young, imaginative, and creative. The image, however, sometimes is at variance with the facts, so everyone is watching to see how things will work out."

This cautious attitude prevails, for example, as regards privatization. Ikeda said that Japanese steel companies are somewhat interested in certain state enterprises, especially those in which they already have a stake, such as Tubarao and Usiminas (although the president of Kawasaki Steel said on Wednesday that he is not interested in participating in the Brazilian privatization process as a buyer.) Before entering seriously into the process, however, Akio Fukuda said, they are going to want to analyze the performance of the Collor Plan. "They know that the economic situation in Brazil is very difficult and are not prepared to get involved without a lot of study."

In a certain sense, the Japanese are exactly where they always have been. Conservative and cautious, they usually make broad-based movements, as a group, in certain directions. For a while, Brazil held a privileged place in their plans. Now, Latin America is no longer a priority and must win their confidence all over again. That is not impossible, as the Mexican example shows, but it is a long and arduous process. Collor has a good image and shows promise, but must produce good results in order to prove that he has changed this country.

Collor Predicts Consolidation of Economy in 1991

PY0912204690 Brasilia Domestic Service in Portuguese 2100 GMT 7 Dec 90

[Report by Antonio Carlos Silva from Brasilia]

[Text] President Fernando Collor has said that 1991 will be the year for consolidation of the economic adjustment being implemented by the government.

Presidential spokesman Claudio Humberto today denied comments by Roraima Governor-Elect Ottomar Pinto that President Collor had told him in an interview at Planalto Palace that 1991 would be a gloomy year. In Claudio Humberto's opinion, President Collor is optimistic about next year, when the economy will become more adjusted.

[Begin Humberto recording] Very much the opposite. President Collor is very optimistic about the Brazilian situation in 1991. The comments the president made, which were misunderstood by the Roraima governor-elect, mentioned that the Brazilian Government is convinced 1991 will be the year for consolidation of the economic adjustment and that after this consolidation, Brazilians will finally benefit from the positive results of the adjustment being implemented in the country. [end recording]

According to the spokesman, among the comments President Collor made to the governor-elect, he said he was concerned about the Persian Gulf crisis. Humberto said the result of this crisis will establish prospects for an international scenario in which Brazil will be included.

* Government To Trim 1991 Union Budget

91SM0121D Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 29 Nov 90 p 4

[Article by Jocimar Nastari]

[Text] Brasilia—The government is going to cut 20 to 30 percent from the spending plans contained in the General Budget of the Union (OGU) for 1991 and will make case-by-case reductions in outlays by the state enterprises. The financial belt-tightening will be ordered by presidential decree right after the budget is approved by Congress, and will be announced by President Fernando Collor at a cabinet meeting scheduled for 21 December.

The budget cuts will probably be accompanied by three measures intended to boost tax revenues: an increase in the Tax on Manufactured Products (IPI) for alcoholic beverages and soft drinks, refinements in the system for collecting the Rural Land Tax (ITR), and intensification of the battle against tax evasion. The government is not considering raising the income tax on either individuals or companies.

The 1991 fiscal package will be accompanied by rigid controls on refinancing of internal and external debt accumulated by the states and municipalities. The proposal to prohibit state banks from making loans to their respective governments—introduced by the Central Bank at yesterday's meeting of the National Monetary Council (CMN)—is merely one indication of the strict approach to be taken with the states and municipalities, whose accounts are included in the computation of the forecast for a 1991 government operating surplus equivalent to 1 percent of the GDP.

The purpose of the additional spending cuts and the measures to increase revenue collections is to make that surplus—money that is left in the Treasury's coffers after all the expenses have been covered—feasible. Without those decisions, government sources say, it would be impossible to realize that surplus because 1991 tax revenue will be much lower than the government anticipated when it drafted the budget bill that it sent to Congress. It is virtually certain that revenues will be adversely affected by the recession forecast for next year. The budget of the Union was originally prepared on the basis of an expected 3 percent rise in the GDP for 1991.

The actual percentage by which the 1991 budget is to be cut must still be determined. After the decision has been made, each ministry will have to specify which items will be pared—whether operating expenses or investments—and to what extent. This way, the Ministry of Economy will feel less political pressure against the cuts. If the austerity were to be ordered by the Ministry of the Economy unilaterally, the pressures would be almost unbearable, commented a high-ranking aide to Minister Zelia Cardoso de Mello.

* EMFA Excludes Famir From Wage Talks

91SM0121C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Nov 90 p 24

[Text] Brasilia—Armed Forces Chief of Staff General Jonas de Morais Correia Neto announced yesterday that he does not want the Federation of Associations of Military Reservists (Famir) to sit at the negotiating table to discuss losses in the purchasing power of the salaries of that occupational category. The general notified the federation that it will not receive any of its members for the purpose of discussing wages and salaries, and will not allow the "delegation from EMFA to have working contacts at any site where representatives of Famir are present." Reports are circulating in the barracks in Brasilia that active duty officers who attend any sort of meeting to discuss the list of demands will be punished.

The government and the unions are supposed to meet again at the Secretariat of Administration on Monday, at which time the joint list of demands by the civilian and military public servants will be presented. Famir is asking for raises of 420 percent, the right to three months of bonus vacation time every five years, and the calculation of length-of-service-based annuities and bonuses in service on an individual's entire remuneration, not just on base pay.

In the opinion of General Correia Neto, it is the province of EMFA and the Secretariat of Administration to

handle this matter. "This means," explained Famir President Antonio Garcia, "the general not only intends to exclude the military from the negotiations, but also to leave out the Union of Civil Servants. This is an authoritarian attitude that is inconsistent with the democratic situation in this country." According to Garcia, the federation will be at the negotiating table on Monday alongside federal Deputy-Elect Jair Bolsonaro, "whether EMFA wants us or not."

In his official response, the chief of staff emphasized that EMFA alone has the functional responsibility to discuss demands from the category and "cannot agree to any kind of division of its prerogatives, or undue interference with them." The general also characterized any "participation by outside elements" as "spurious."

* Military, Trotskyites Issue Wage Demands

91SM0121B Sao Paulo FOLHA DE SAO PAULO in Portuguese 22 Nov 90 p A-4

[Article by Eumano Silva]

[Text] Brasilia—The losses in wage purchasing power caused by the Collor Plan have led to the union of military reservists and Trotskyites (followers of the ideas of Leon Trotsky, one of the leaders of the Russian Revolution of 1917), longtime rivals in Brazilian politics. Deputy-elect Maria Laura Pinheiro (PT-DF) [Workers Party—Federal District], associated with the Trotskyite faction known as "O Trabalho," and Lieutenant Antonio Garcia, president of the Federation of Associations of Military Reservists (Famir), were members of the commission that met yesterday with Secretary of Administration Joao Santana to deliver a list of 11 demands from civilian and military public servants.

The approximation between the two groups occurred at the initiative of the military reservists. About two months ago, Garcia went to see the president of the Union of Public Servants of the Federal District (Sindsep), an organization affiliated with CUT [United Federation of Workers], Francisco Zoccoli (who is also connected with "O Trabalho".) Garcia wanted the wage demands to be submitted jointly. Previously, negotiations on military salaries were handled by the government economic teams and the Armed Forces General Staff (EMFA).

At the very first meeting between Famir and Sindsep it became obvious that unity would be achieved easily. During the conversation, Garcia sought to smooth over the rough spots. "Someday we might discover that our objectives have always been the same," Garcia told Zoccoli. "True, and perhaps we may discover that we should have taken the same roads," answered Zoccoli.

The union between Famir and Sindsep created a situation that is without precedent in Brazilian labor union politics. Shortly before Garcia's arrival yesterday, during a demonstration staged by the government employees in front of the Secretariat of Administration, a Sindsep sound truck played "The International," the anthem of the communist and socialist movements.

Although only two of the 11 demands presented to Joao Santana concerned the military, Famir signed the entire list. The two demands in common are a 340 percent restitution of wage purchasing power, and the change in the [wage adjustment] base date for government employees, which now falls in January, to May. A list pertaining specifically to the military will be delivered to Emfa by Famir. Since active duty military are prohibited from engaging in wage actions, Famir acts as spokesman for the entire category.

"The fact that civil servants and the military have joined forces shows that a crisis has taken hold in Brazil," Pinheiro said following the meeting with Santana. In her view, unity does not mean an end to differences. "For the moment, we are united only on practical, short-term issues," she said.

* Petrobras Head on Investments, Risk Contracts

91SM0085D Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Oct 90 p B3

[Text] Rio de Janeiro—The new chairman of Petrobras [Brazilian Petroleum Corporation], Eduardo Teixeira, 35, said yesterday that he saw no need to retain the government monopoly on the petroleum industry. According to him, the government should debate the matter with society and prepare a report to be submitted to Congress as a recommendation. Teixeira granted an interview moments before taking over his new position from the outgoing chairman, Luis Octavio da Motta Veiga, at Petrobras headquarters in downtown Rio de Janeiro. He said that internationalizing the firm's activities would be one of his administration's priorities.

Teixeira said that he intended to continue the "administrative reform" at Petrobras and that if more dismissals were necessary, he would not hesitate to carry them out. He said he intended to change the firm's current board of directors but declined to mention any names. On Monday, the state-owned firm's financial director, Reynaldo Aloy, submitted his resignation without waiting. He said he was doing so because his area of responsibility had been the one most criticized by Minister Zelia Cardoso de Mello in her accusations that Petrobras was withholding information.

The chairman of Petrobras said he was going to harmonize price requirements for fuel products with Brazil's macroeconomic objectives. He believes that petroleum prices on the international market will drop to somewhere between $21 and $22 per barrel. Teixeira also intends to proceed with the study begun by his predecessor for the purpose of changing the way fuel prices are currently calculated in Brazil. He also said that the lag in the price of petroleum products must be viewed in relation to the trend in petroleum prices, not in terms of prices at a particular moment.

Teixeira intends to conduct a study of Petrobras' plan to invest $17 billion between now and 1995 to achieve a daily production level of one million barrels of petroleum. He said those investments could not be financed solely with the firm's own funds, but did not want to discuss changes at the moment. In his opinion, Brazil's goal of achieving self-sufficiency in petroleum should be pursued, but not necessarily with the attitude that the total necessary production must be achieved in national territory. Teixeira intends to encourage the signing of risk contracts by Petrobras for petroleum exploration in other countries.

When asked about the possibility that Petrobras would revise its stand on the proposal to lend $40 million to VASP [Sao Paulo Airline], he said only that his administration was going to be very transparent and that any proposal submitted would be studied and, if worthwhile, accepted. He said he wanted to combat "niches of corporatism." Former chairman Veiga was given a lengthy applause at the ceremony marking the transfer to to Teixeira.

* Ozires Seeks Resumption of Risk Contracts

91SM0103B Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 13 Nov 90 p 1

[Text] Rio de Janeiro—Minister of the Infrastructure Ozires Silva yesterday advocated the reopening of risk contracts as the only way for Brazil to double its domestic production of petroleum in the short term. In the minister's opinion, this country's dependence on foreign oil can only be reduced if international companies resume operations here, because the resources of internal savings and Petrobras' financial investments will not be sufficient to boost national production. For this to happen, however, it will be necessary to amend the provision of the Brazilian Constitution that prohibits risk contracts and gives Petrobras a monopoly on exploration and drilling for petroleum. Silva made these statements after attending the opening session of the Twenty-First Meeting of Ministers of the Latin American Energy Organization (OLADE) at the Rio Palace Hotel.

In his defense of risk contracts, Silva even included an explanation for past failures of such operations in Brazil. For 12 years—from 1976 to 1988—various international companies invested $1 billion in the search for petroleum in Brazil, but without success. According to Silva, the reason those companies did not discover petroleum was that Petrobras preselected for them areas where the product did not exist. "Petrobras reserved the most promising zones for itself and recommended that the foreign companies search for petroleum where the product probably did not exist." As Silva sees it, Petrobras ordered its competitors—the international companies in this case—to compete with it on the market by selling useless products for which there were no buyers. The minister of infrastructure, who leaves for Iran tomorrow, also revealed that Government Oil Deposits (YPF), Argentina's state-owned oil company, has already expressed interest in prospecting for petroleum in Brazil. Given the interest of several companies and the shortage of domestic funds to invest in finding and producing oil, the minister believes that Brazilian legislation will have to be adapted in order to attract outside investment. "Brazil produces only half the petroleum it consumes. Under these conditions, it will have to adapt itself as flexibly as possible in order to improve its ability to supply the internal market," he said.

* Coffee Sector Performance Worst in Decade

91SM0085E Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Oct 90 p B13

[Article by Maristela Mafei]

[Text] The coffee sector in 1990 is putting in its worst performance of the past 10 years. Export billings are expected to total $1.2 billion by the end of the year, for a drop of 30 percent in comparison with 1989. Prices paid to producers are the same as they were two months ago. The industry is being faced with a drop in consumption. The result is that what should have been just one more annual meeting by the roasting and grinding industry—the 15th Concafe [expansion not given], opening today in Sao Paulo—will be transformed into a forum for decisions aimed at bringing the industry out of its crisis.

On the international market, prices have been dropping since the International Coffee Organization's economic clauses were deleted in 1989. The average of $118 per bag which producers had been receiving until then has fallen to $70. The prospect exists that the situation will reverse itself beginning at the end of this year, when Europe and the United States begin stockpiling the product.

But the recovery in prices to the Brazilian producer still depends on the policy that will be adopted by the European Economic Community (EEC). That organization is thinking of abolishing its 4-percent assessment on the entry into Europe of coffee produced by Brazil's main competitors, such as Colombia. That proposal, if adopted, will cause sales of Brazilian coffee on the foreign market to decline, thus holding back prices on the domestic market.

The number of coffee trees in Brazil has dropped by 25 percent since 1988, according to calculations by the National Coffee Council (CNC). Then there were 4.3 billion trees; now there are an estimated 3.3 billion. That decline has been causing changes in the economic profile of towns in the interior whose chief pillar of support is coffee. Abandoned plantations have been turned into pasture in the towns of Guaxupe (Minas Gerais) and Franca (Sao Paulo). In Sao Jose do Rio Preto (Sao Paulo), coffee plantations have been turned into orange groves.

Higher interest rates in the financial market brought the market for the product in those towns almost to a standstill in September and October. The price dropped

by 30 percent, but began recovering last week. The decision to hire manpower to weed the plantations has been postponed.

In an attempt to reverse the discouraging picture in coffeegrowing, Minister of Agriculture Antonio Cabrera will install the Coffee Sectoral Chamber during the meeting by the roasting industry. This will be the first step toward managing the sector since the IBC [Brazilian Coffee Institute] was abolished. During that same meeting, the mayor of Sao Paulo, Luiza Erundina, will announce the use of the city government's laboratories for analyzing the quality of the coffee consumed in Sao Paulo.

* Brizola Opposition Strategy Discussed

91SM0085B Brasilia CORREIO BRAZILIENSE in Portuguese 24 Oct 90 p 4

[Article by L.C. Maranhao]

[Text] Rio de Janeiro—The governor-elect of Rio de Janeiro, Leonel Brizola, has stored in his head a list of decisions intended to confirm his position as chief leader of the Collor administration's opposition in the new situation indicated by the recent election results. The obvious first step, he has told one of his top political advisors, is to consolidate an opposition bloc in the state governorships and in Congress. According to that same advisor, defense of the federation, the Constitution, and the prerogatives of Congress would provide the content for that leadership.

The governor-elect is returning today from a brief rest at his Uruguayan ranch. On Friday, he will preside over a meeting of the National Executive Committee of the PDT [Democratic Workers Party] to decide on the party's posture in the second round of balloting. There will be no surprises: 1) total commitment to majority campaigns where PDT candidates are involved, especially in Rio Grande do Sul and Espirito Santo; and 2) support for Luiz Antonio Fleury in Sao Paulo and Roberto Requia in Parana. There is one doubtful point: Brizola does not yet know whether he will support Helio Garcia in Minas Gerais against Helio Costa of the PRN [National Reconstruction Party].

Brizola wants to turn his victory by an overwhelming majority of votes in Rio de Janeiro (over 60 percent of the valid ballots) into a defeat for the Collor administration. "We have no doubt that it was that opposition feeling which led the people to entrust us with another term in the Rio de Janeiro administration," he told CORREIO BRAZILIENSE before his brief trip to Uruguay. He claims, however, that it is not rational to think that he will adopt a "blind and irresponsible" attitude of opposition to the government. "As I have been reiterating, our relations with the government of the Union will be impersonal and institutional, but we will not relinquish our independence or hold back our criticisms. I feel, for example, that the current administration is ignoring the rights of the federation and Congress," he charged.

Brizola feels that the crises being faced by the Collor administration "merely reveal the nature of a continuous project, and that comes as no surprise to us." He feels, however, that although the progressive forces have not advanced as much as expected after the buildup of forces in last year's presidential election, the results of the October elections "do reflect a redistribution of political influence." The PDT leader questions "the hasty assessments to the effect that the administration has been strengthened by the results at the polls." He feels that because of the importance of the states where governorships have not yet been decided, a truer picture will not emerge until after the second round of balloting.

The governor-elect denies that he wants to become opposition leader because he has his sights set on succeeding Collor. But it becomes clear that that is the case when he says that he wants to transform Rio de Janeiro into "a kind of citadel of democratic resistance to authoritarianism." With his party, which is represented in the Federal Chamber by 46 congressmen, Brizola hopes to win the majority elections in Rio Grande do Sul, Espirito Santo, Paraiba, and Rio Grande do Norte. With those states plus Rio de Janeiro—where it was elected in the first round—the PDT would then control five state governorships. When he talks about a bloc in Congress, Brizola avoids mentioning the PT [Workers Party]. He is continuing to beckon to the PSDB [Brazilian Social Democracy Party] as a privileged partner, although he does mention the idea of a possible merger between the PDT and the PT as a matter for future consideration.

To play his political role at the national level, Brizola is putting together a rather special system for implementation as part of his administration of Rio de Janeiro State. Administrative responsibilities must be reconciled with his political project. And that explains the establishment of from five to seven secretariats that will be responsible for key aspects of state government and headed by supersecretaries whom he trusts completely. Brizola calls that new approach "decentralized administration" or "responsible decentralization." In his first term as governor of Rio de Janeiro (1983-1987), Brizola centralized all decisionmaking in his own hands, mainly because of the lack of cadres.

Chile

Four Former Officers Arrested in La Cutufa Case

PY1112021590 Santiago Domestic Service in Spanish 2200 GMT 10 Dec 90

[Text] Four retired Army officers have been placed at the court's disposal in connection with the case of the illegal financial firm La Cutufa: Colonels Jaime Rowe del Rio, Geronimo Pantoja Henriquez, Sergio Silva Blanco, and

Major Enrique Cowell Mansilla. These four retired officers are being held at the former Santiago Prison on charges of being connected with the clandestine financial firm La Cutufa. The case is being investigated by Judge Marcos Libedinsky of the 12th Santiago Criminal Court. The judge ordered their arrest last week, and it was carried out by personnel from the investigative brigade of the economic crimes division.

Air Force Commander Pays Visit to Germany

PY0812232290 Santiago EL MERCURIO in Spanish 25 Nov 90 p C 2

[Excerpt] Air Force General Fernando Matthei, commander of the Chilean Air Force, made an official visit to Bonn 21-24 November at the invitation of his German counterpart, Lieutenant General Horst Jungkurth, Air Force inspector general.

During his visit Gen. Matthei was invited to share a working breakfast with Juergen Sudhoff, Foreign Affairs Ministry secretary of state; he also met with Gen. Horst Jungkurt and his deputy, Lieutenant General (Rolf Hittel). [passage omitted]

Museum Employee Mysteriously Murdered

PY1012133690 Santiago Domestic Service in Spanish 1000 GMT 10 Dec 90

[Report from Talca by Luis Herrera]

[Text] The Carabineros and the Investigative Police have detained several suspects and are jointly carrying out intense operations in the Talca area to find and detain the perpetrators of a cold-blooded crime against Jaime Omar Luna Concha, 35, an employee of the Talca Fine Arts Museum.

According to the background information gathered from police sources, detained suspects are being interrogated by specialized personnel. The sources also noted that over the next few hours investigative police will arrive in Talca aboard a special airplane to help solve this crime that has shocked the entire region.

The Carabineros and the Investigative Police continue their operations throughout the city. Unofficial information suggests that the perpetrators could be local extremists.

Luna Concha apparently recognized one of the perpetrators of the attack on this historical-cultural center in our city. The attackers seized a copy of the Declaration of Independence, destroyed a historical picture, and painted graffiti inside the building.

One of the attackers fired at Jaime Omar Luna Concha from point-blank range, killing him. The attackers then tied up the other employees in a rest room and fled.

Several foreign journalists, who had been invited by Talca Deputy (Sergio Aguilo Melo) and who were traveling to Colonia Dignidad to retrace the route apparently taken by 10 political prisoners 15 years ago, were there at the time of the attack. One of the foreign journalists gave an account of the drama inside the museum. He said that the attackers were young people, between 18 to 20 years of age, who had their faces covered.

Later, at the Regional Intendant's office, Intendant (Gabriel Jimenez Moraga) met with some of his cabinet members to review this act of violence that has shocked the area.

Colombia

Revolutionary Armed Forces Issues Communique

PA1012181490 Bogota Radio Cadena Nacional in Spanish 1235 GMT 10 Dec 90

[Telephone interview with Dr. Alvaro Leyva Duran, elected Constituent Assembly member for the 19 April Movement, by unidentified reporters, containing a recording of Alfonso Cano, member of the National Secretariat of the Revolutionary Armed Forces of Colombia (FARC) reading a FARC communique issued in La Uribe on 9 December—live]

[Text] [Reporter] Dr. Alvaro Leyva Duran, we have called you to ask: Have you had any contacts with the FARC National Secretariat in the wake of its clash with the Army?

[Leyva] Yes, Juan. Last night at the hotel where we were celebrating the victory of [words indistinct], at about 2100 and in front of a foreign correspondent, I was handed a cassette with a message from Alfonso Cano reading four or five points. He mentions the clash in the message. He claims that two guerrillas and nine Army members, including two officers, were killed. He reports that a helicopter was downed. I imagine it was overflying the area. He says that two other helicopters were damaged and thus disabled. I took the cassette home with me last night and have it with me now.

[Reporter] Why is the FARC claiming two dead when the Army reported that the guerrillas sustained 50 to 100 dead?

[Leyva] Given that so many foreigners and correspondents are visiting us to cover the elections, it would be advisable to allow them to visit the area so the people can learn the truth. I understand that the Defense Ministry issued a communique.

[Reporter] Yes, it did.

[Leyva] I believe that this would be a good idea, because—and I believe that you will agree—it is contradictory to launch an offensive of this sort on the very day of the elections for Constituent Assembly members who will draft the constitution of peace. As an elected Constituent Assembly member, I urge, via your station, that people such as you or people from your radio network or other networks, and especially foreign correspondents,

be allowed to visit the area to report the truth to us, because the cassette contains a harsh message. It states that war began in Colombia [words indistinct].

[Reporter] [Words indistinct] Army and Defense Ministry sources claim that yesterday's operation was implemented because a FARC plot to sabotage the elections was uncovered. Did you know about this plot?

[Leyva, laughing] What a question. Why do you say that? I knew nothing about it, much less in advance. Every time we are close to achieving peace, something is discovered and thrown in the way. This hurts me as a Colombian. I am sure that we can still make efforts.

I learned that there is a nationwide mobilization of guerrilla fronts. Solving this kind of problem does not only involve an Army action there. The war goes way beyond that point on Colombia's map. This worries me.

[Reporter] May we listen to the recording you received last night?

[Leyva] Yes, just let me know whether you are hearing well, because this is not a very technical setup I have here. I have the cassette in a recorder here. Please give me a few seconds.

[Begin Cano recording] This is Alfonso Cano, of the FARC National Secretariat. I am at this moment...

[Leyva, interrupting the recording] Are you hearing well?

[Reporter] Yes, sir.

[Cano recording, in progress] ...along with our Commander in Chief Manuel Marulanda Velez and Commanders Raul Reyes and Timoleon Jimenez, to read the following communique:

1. We report to the people that at 0700 today, 9 December, the official Army launched a large-scale military operation against the FARC National Secretariat headquarters in La Uribe.

[Leyva, interrupting the recording] Are you hearing clearly?

[Reporter] Yes, sir.

[Cano recording, in progress] 2. We understand that the government of Dr. Gaviria has ruled out the possibility of reaching a negotiated solution and that he and only he is responsible for this decision.

3. This government has wasted a great opportunity given to it by the country to turn the National Constituent Assembly into an instrument of peace. Sectarianism generated one of the highest abstention rates in the past few years, and its intolerance has led to the resumption of a war that could have unpredictable consequences for the country.

4. After the first day of our operation, we report downing [words indistinct] and disabling three others. We killed seven aggressors, including two officers, and wounded 15 others. On our side, two comrades were killed and four wounded.

5. We reaffirm to the country our determination to struggle and fight for a more just and free fatherland. We reaffirm to the Colombians our unyielding commitment to struggle for democracy and peace.

[Reporter, interrupting recording] Go ahead, Dr. Leyva.

[Cano recording, in progress] ...we continue to struggle here. La Uribe, 9 December 1990. [end recording]

[Leyva] That was it.

[Reporter] Dr. Leyva, how is it that the FARC is reaffirming its unyielding goal of achieving peace, but attacks continue...

[Leyva, interrupting] No, they are talking about their unyielding goal to struggle.

[Reporter] Before that, however, they stated President Gaviria and his government had wasted a last chance.

[Leyva] I cannot really explain this, because I did not... [changes thought] I am just bringing this to light because Colombians are worried. We either stop this, or a war, which began or rather was resumed yesterday morning, will continue. It is very difficult for me to interpret this communique. Do you not think so?

[Reporter] Thank you very much, Dr. Leyva Duran.

[Leyva] It was my pleasure.

Terrorist Hired To Kill Gaviria Surrenders

PA1012233890 Hamburg DPA in Spanish 1823 GMT 6 Dec 90

[Text] Bogota, 6 December (DPA)—A terrorist who was hired by the drug trafficking mafia to kill President Cesar Gaviria Trujillo when he was the Liberal Party candidate has surrendered to the Colombian authorities. The terrorist demanded protection for himself and his family in light of the fact that the crime was not committed and the possibility of retaliatory actions by the drug lords.

The man, whose identity is unknown, has told the "TV Today" newscast that the terrorist action had been planned by the Medellin Cartel drug traffickers. The plan consisted of detonating a powerful bomb while Gaviria Trujillo gave a speech in his hometown, Pereira (180 km west of Bogota), in mid-December 1989.

According to the terrorist, the drug traffickers had staked out several sharpshooters in different areas of the public square where Gaviria was going to speak. The sharpshooters were instructed to shoot the current Colombian president if the bomb, which had been placed in a school bus, did not explode.

The repentant criminal said that the vehicle used was the same one "the Extraditables"—the armed branch of the

drug trafficking mafia—had given to government officials to show their "goodwill" in January. At that time, the drug traffickers had also admitted the government's victory in the struggle against drugs and declared a truce that was broken a few weeks later.

The terrorist action against Gaviria was planned by former Medellin Cartel "mercenary chief" John Arias Tascon. Arias Tascon was shot to death by policemen five months ago.

The terrorist, interviewed on television with his back to the camera, said that the drug lords promised to pay him 50 million pesos (approximately $89,000) for assassinating Gaviria Trujillo; however, just a few hours before the attack was to take place, he changed his mind because he stopped to think about "the country's future and the good alternatives the president offered."

"I realized that it was not a logical move, since such an action would unleash persecution at all levels," the terrorist added. He allegedly surrendered to the authorities under the special government decree that states that those members of the drug trafficking mafia and terrorists who, of their own free will, surrender to the government will not face extradition and will receive a more lenient sentence.

The former Medellin Cartel mercenary admitted that he is afraid of reprisals by the drug lords and stressed that his family had not been given the protection offered by the authorities.

Gaviria Trujillo became a presidential candidate after Luis Carlos Galan, the candidate all the polls showed to be the favorite to win the 27 May elections, was assassinated by the drug trafficking mafia on 18 August.

Galan's assassination unleashed the so-called "war" between the Colombian Government and the drug trafficking mafia. This war could come to an end if the criminals accept the no extradition-more lenient sentencing decree offered by the government.

CNG Reportedly To Seek Rapprochement

PA1112015090 Madrid EFE in Spanish 2001 GMT 8 Dec 90

[Text] Bogota, 8 Dec (EFE)—The Colombian National Guerrilla Coordinating Board (CNG), which groups together the country's two most radical rebel groups, today declared itself in favor of seeking a rapprochement with the National Constituent Assembly, the members of which will be elected tomorrow, 9 December.

In a communique sent to the media, the CNG stated that the process of elimination to elect Constituent Assembly members and the country's increased militarization have obstructed the dialogue.

The communique adds: We will not spare any effort in the search for a political solution to the crisis Colombia is currently experiencing.

This year, the illegal CNG, consisting the Army of National Liberation (ELN) and the Revolutionary Armed Forces of Colombia (FARC), has repeatedly rejected government offers of access to the Constituent Assembly if its members lay down their weapons.

The CNG stated: To find roads that lead to an agreement with dignity and realism, it is necessary to hold a dialogue with those who are elected on 9 December.

The CNG communique is a response to the invitation to negotiate made by Colombian Government (Interior) Minister Julio Cesar Sanchez last week. Sanchez asked the guerrilla groups to continue their talks with government spokesmen.

The CNG ends its communique stating: The only way we can build a peaceful future is if we are able to hold a dialogue in which we directly address the causes of the Colombian conflict as a first step toward an agreement.

The 70 members of the Assembly that will modify the Colombian Constitution in effect since 1886 will be elected on 9 December. The Assembly is to carry out its work between 5 February and 4 July 1991.

Battle Reports for 30 Nov-9 Dec Issued

PA1112014790

[Editorial Report] Bogota EL TIEMPO in Spanish on 22 November on page 12-A carries a report on a clash between the Arauca Heroes Battalion troops and FARC (Revolutionary Armed Forces of Colombia) rebels on 20 November in Cristalina, Mesetas Jurisdiction, Meta Department, which resulted in one unidentified rebel killed.

Bogota Inravision Television Cadena 2 in Spanish at 1738 GMT on 29 November broadcasts a 90-second report on an attack by members of FARC's 30th Front on the police headquarters of Calima, Buenaventura Jurisdiction, Valle del Cauca Department. The report states that "an eight-year-old child and a guerrilla died in this incident," while two other people were wounded and three police agents were kidnapped. This report concludes by stating that another rebel column killed three Marines 30 km from Malaga Bay.

On 30 November, Bogota Radio Cadena Nacional in Spanish at 1200 GMT carries a three-minute report on clashes on 30 November in the town of Balboa, Cauca Department, "which, according to the police, was occupied by FARC's 8th Front." There are reportedly three people dead, the report adds, but it is not known if they are guerrillas or civilians. It further states that the rebels "partially destroyed the police headquarters, interrupting radio and telephone communications."

This same station at 1200 GMT on 1 December carries a one-minute report on a communique issued by National Police Director General Miguel Antonio Gomez Padilla "praising a police agent who tried to

prevent FARC from taking over Balboa, Cauca Department, where three rebels were killed." The report quotes the communique as saying that "the rebels took over the town of Balboa and looted local stores and the Agrarian Bank offices."

On 2 December, Radio Cadena Nacional at 1200 GMT broadcasts a one-minute report indicating that 1st Army Division troops killed one National Liberation Army (ELN) rebel in (Garrapatas de) Pivijay Corregimiento, Magdalena Region. The report adds that the troops "seized one rifle, several fragmentation grenades, different caliber ammunition, and other supplies."

Inravision Television Cadena 1 at 1730 GMT on 3 December carries a one-minute report stating that members of FARC's 5th Front ambushed a National Police patrol in the Uraba Region, in Antioquia Department, injuring the head of the Apartado medical unit.

Radio Cadena Nacional at 1200 GMT on 4 December carries a two-minute report on fighting in Uraba, in the Middle Magdalena Region, between the National Police and FARC guerrillas, in which three guerrillas were killed. It cites the National Police as saying that the corpses of four more guerrillas were "found abandoned in different rural areas in Cienaga Municipality." It adds: "In a rural area of Turbo Municipality, Antioquia Department, Voltijero Battalion soldiers clashed with a FARC column, killing three guerrillas."

Paris AFP in Spanish at 0322 GMT on 8 December carries a dispatch on a FARC attack on Army troops in Caqueta Department on 7 December. "Four soldiers were killed and five more were wounded," the dispatch states.

Mexico City NOTIMEX in Spanish at 0028 GMT on 9 December carries a dispatch reporting on different FARC attacks throughout the country. "Four soldiers were killed and five were wounded during fighting between FARC and the Army in San Antonio de Getucha, 380 km south of Bogota." Four guerrillas were also killed in the fighting. "In Sabana de Torres, 280 km north of Bogota, alleged members of one extreme right group that operates in the region killed five civilians," it states.

The Army is cited as reporting that ELN guerrillas killed two peasants in Codazzi, 630 km north of Bogota. An army patrol killed two FARC guerrillas in a southern Huila Department town, NOTIMEX also reports.

* Countersubversion Activities of Security Forces

* Police Launch Offensive

91SM0081A Barranquilla EL HERALDO in Spanish 12 Oct 90 p 8-a

[Article by Manuel Perez]

[Text] Yesterday's simulated takeover of several towns, including Suan, Santa Lucia, and Tubara, located in the southern and western regions of the department, marked the beginning of the implementation of Plan Presencia, designed by the Atlantic Police Command to eliminate a possible guerrilla presence and other crimes such as kidnapping in the department, Colonel Luis Enrique Montenegro Rinco announced.

Inspections were conducted yesterday morning and afternoon in the towns of Suan, Santa Lucia, Tubara, and Cerro de San Antonio in the Department of Magdalena.

Montenegro Rinco gave this information: "In accordance with instructions from the General Directorate and 2d Brigade Commando, Plan Presencia was implemented in the southern region of the department with the Elite Corps and Counterguerrilla forces. The purpose was a general search of the area of the towns of Suan, Santa Lucia, Tubara in Atlantico, and Cerro de San Antonio in Magdalena. The action taken yesterday morning and afternoon was necessary because these areas are unprotected, given the minimum personnel and difficult access for support," the official said.

He said that yesterday's operations used "two police helicopters and 90 men with boats who went into the previously mentioned areas for the purpose of reconnaissance and conducting a search, speaking with peasants to obtain tactical intelligence on the presence of outsiders in the area and, finally, letting people know that in the most remote, inaccessible areas of the department, the forces of law and order are present," Montenegro Rinco said.

The official was emphatic in saying that "the police are the voice of incentive and encouragement in maintaining peace in this jurisdiction. That is the reason for yesterday's operation in Tubara, for the purpose of introducing a deterrent, a deterrent for the community and not only Tubara, but aimed at all access into the community by land or air. The action involved 90 Elite Corps and Counterguerrilla troops and was repeated in the south in order to reach the peasantry. It will be recalled that a confrontation with the Elite Corps occurred in that municipality two or three months ago and an ELN [Army of National Liberation] training site was discovered. One individual was arrested with an M5 submachine gun and another terrorist was wounded and is now in jail."

Based on Montenegro Rinco's plans, "in all areas of the department or urban area, there will be a police presence in order to control cattle rustling and drug trafficking and maintain the entire jurisdiction under surveillance so that when there is a serious situation, action may be taken in time. You are all aware that terrorists move quickly and we must be able to react, occupying towns with the weapons we have, knowing how to get in and what sites to cover, supporting police already present. We want people to know that we now have a unit specially trained to counter subversion and other crimes."

Montenegro Rinco warned that operations will be conducted frequently and that one is planned in Sabanalarga and Baranoa, where we have information that some ranchers are threatened.

* Army Training Discussed

91SM0081B Barranquilla EL HERALDO in Spanish 16 Oct 90 p 9-a

[Text] Bogota, 15 Oct (COLPRENSA)—Over the past 15 months, the Army has trained more than 52,000 men, including nearly 2,000 officers and 4,500 noncommissioned officers, the Armed Forces have announced.

In addition, seven officer training courses were conducted with 405 men enrolled.

Twelve sessions of combat training involved 600 men, and eight sessions of specialized technical training were given for 115 students.

Noncommissioned officer training was provided in nine courses for 1,300 men, 539 specializing in 14 courses and 362 enrolled in specialized technical training on 18 different levels, according to a survey presented by Lieutenant Colonel Eduardo Santos Quinonez to the Army periodical.

The purpose of the continued training is to periodically review plans and programs and, above all, pursue continuous training for men in the Army so they will be fit to confront assaults by subversives, the author of the study says.

In addition, the fundamental purpose of the courses is to update leadership, standardize techniques and procedures to be followed in the fight against subversion, and improve the offensive capabilities of the Army in order to fight guerrilla groups effectively, Santos Quinonez explains.

However, he states that "it is not that the enemy has such great fighting ability. What has happened is that we are forgetting tactics and techniques of fundamental importance in weakening the criminal actions of guerrillas trying to breed chaos, sow general confusion in the country, and break the morale of the Armed Forces."

The program includes a technical phase in which a high degree of personnel training is achieved and another tactical phase aimed at training students to plan and execute operations, the official report on continued training states.

Along with the physical training and program conducted at the facilities of the 10th Brigade located in Melgar (Tolima), military personnel receive combat intelligence and counterintelligence training.

Personnel also complete additional training in artillery batteries for law enforcement missions and can operate in any part of the national territory, Santos Quinonez says.

"The additional training has made it possible to regain control of areas where subversives had intensified their actions considerably, resulting in constant movement and the abandonment of camps thought to be off limits to action of military troops," the Army press organ reports.

Paraguay

Editorial Praises Bush Message to Argentines

PY1112020090 Asuncion NOTICIAS in Spanish 10 Dec 90 p 12

[Editorial: "Bush's Message"]

[Text] The presence of U.S. President George Bush has helped establish a more clear understanding of U.S. policy on Latin America. In his message to the Argentine Congress on 5 December, just two days after the frustrated military uprising, he proclaimed that "the day of the military dictator is over."

The speech outlined his essential points of view on this issue and gave a clear view of other important aspects of U.S. foreign policy. The fact that he did not change his plans to visit Argentina despite the military crisis was very significant, and President Bush made a point of making this clear. This allowed him to stress the typical political instability in the continent, frequently unleashed through military dissatisfaction.

"Democracy is here to stay," Bush said. "Too many people have made sacrifices and died to return democracy to Latin America. Those who are willing to attack constitutional democracy must understand that the day of the dictator has ended in Latin America. Violent attacks on the state of law represent the old way of thinking and of acting. It is time to think of new ideas."

New ideas are exactly what Latin America needs to escape from underdevelopment; ideas to promote social and economic change, without which political democracy will always be weak and superficial; ideas to stimulate the people's creativity, a collective commitment to well-being and liberty, and the understanding that only through the implementation of regional integration projects that can overcome the negative tradition of isolationism will one be able to anticipate a better future.

U.S. cooperation will be essential. The so-called "Americas Initiative," launched in June by the U.S. President himself, is an interesting proposal to expand trade and investment and reduce the foreign debt. It was good to hear that in his speech to the Argentine Congress President Bush called this initiative a "priority target" for promoting interdependence in the hemisphere. If we do not achieve the objective of economic development, we cannot think seriously about achieving definite political stability. The "Americas Initiative" could be an important step toward [illegible]t objective, and the peoples and governments mu[illegible]derstand this and cooperate sincerely and active[illegible] put it into practice.

Peru

U.S., Soviet Embassies Damaged in Explosions

PA1112051490 Madrid EFE in Spanish 0441 GMT 11 Dec 90

[Text] Lima, 10 Dec (EFE)—National Police have reported that the Japanese, Soviet, and U.S. Embassies in Lima and a supermarket of this capital were the targets of attacks with explosives. There were no victims; however, the explosions did cause property damage.

According to the police, alleged members of the Marxist Tupac Amaru Revolutionary Movement (MRTA) detonated several charges of explosives outside the Japanese and Soviet Embassies, which destroyed glass windows and doors.

At the same time, the Tupac Amaru members exploded a car bomb in front of the U.S. Embassy, one of the best protected places in the city. The shock wave broke many windows of the U.S. Embassy.

In answer to questions by EFE, a National Police spokesman stressed that the terrorist actions did not result in any casualties.

This is the first attack against those embassies since Peruvian President Alberto Fujimori, of Japanese origin, assumed the Presidency on 28 July.

Those diplomatic missions have been the target of rebel groups such as the Shining Path and the MRTA since 1980 when the armed struggle began in Peru. The Peruvian armed struggle has resulted in the death of at least 21,000 people and direct property damage estimated in $20 billion, a figure that represents 90 percent of the Peruvian foreign debt.

The terrorists also hurled bombs at the Arab-owned Monterrey supermarket tonight, causing great property damage to the building and stored merchandise, the police reported. The establishment is located in the densely populated Rimac District in the northeastern part of the city, in front of the General Police Station.

The attacks occurred three days after President Fujimori announced he will send a bill to Congress creating military courts, which will be in charge of judging those responsible for terrorist and subversive actions.

Terrorists Kill Mayor, Teacher in Ayacucho

PY1012140890 Madrid EFE in Spanish 1603 GMT 9 Dec 90

[Text] Ayacucho (Peru), 9 Dec (EFE)—The National Police of Ayacucho, 546 km southeast of Lima, reported today that alleged Shining Path terrorists have killed Alejandro Quijana, mayor of the Andean District of Carhuanca, and teacher Alonso Chichon because they refused to support the armed struggle.

Police spokesman said that about 100 alleged Shining Path terrorists arrived in Carhuanca early on Friday, 7 December, and detained Quijana and Chichon, whom they wanted to convince the people to provide assistance for the terrorists.

Because they refused to meet these demands the terrorists shot them dead. Before fleeing, the subversives burned the local City Hall and a building that housed the offices of the National Police.

The Shining Path terrorist organization began the armed struggle in 1980. It has already claimed the lives of 21,000 people and material damage totalling over $20 billion, the equivalent of 90 percent of the Peruvian foreign debt.

* Legislators Comment on Countersubversion Plan

91WR0024Z Lima EXPRESO in Spanish 22 Oct 90 p 3

[Text] The renewed outbreak of violent terrorist attacks in Lima and the interior resulted in expressions of concern in various political circles yesterday. The new attacks are viewed as a dangerous manifestation of an escalation of a threatening resurgence of terrorism.

As under the previous regime, the effectiveness of the government's antisubversive policy has again been challenged, prompting the current government to face up to the problem with greater prospects of success than during the past five year period because of the challenge to defend its program of economic stabilization.

While some have asked President Fujimori for an increased presence on the national scene in order to lead the crusade against terrorism, others have demanded the resignation of the minister of interior. Nor is there any lack of those proposing unification of the antisubversive command in order to make its actions more consistent. The following are some of their statements:

Sandro Mariategui Chiappe (AP [Popular Action] senator): "The new wave of terrorist attacks reveals the government's serious neglect of subversion. It is unfortunate that in the midst of the process of reviving the economy, this seditious outbreak should occur.

"Aside from the personal and material damage, the most dangerous factor of all is the negative effect that such attacks can have on the correct application of the program of stabilization.

"Once more, I believe the government's political plan is not moving well, in contrast with what is happening in the economic sphere, so that it is obvious that it has not drafted any program against subversion so far.

"In general, I perceive neglect of an issue that is essential in order to contribute to the program of rehabilitating the economy: concerted action, indispensable in the struggle against criminal terrorists."

Alberto Borea Odria (PPC [Popular Christian Party] senator): "The climate of violence that has been unleashed is truly troubling, but it is no less alarming that the chief of state is maintaining a low profile insofar as the antisubversive fight is concerned.

"Success of citizen participation in this confrontation with subversion depends on the example which President Fujimori gives the country on the importance of taking aggressive action against terrorist groups.

"Nor can we fail to point up the absence of any proper propaganda on action which the people must take to fight or prevent any subversive act.

"I would emphasize that the president is far from what active participation by the government must involve in actions aimed at fighting seditious activity. It would appear that he is following the same abstentionism of his predecessor, Alan Garcia."

Humberto Carranza Piedra (PAP [Aprista Party of Peru] senator): "The resurgence of inflation belies what the ministers of interior and defense are saying about the existence of an antisubversive program. They maintained this in the Senate, but it does not appear to be true.

"I do not believe there is any plan and, just as I said before, I would demand the resignation of Minister of Interior Adolfo Alvarado Fournier.

"The attacks which have occurred throughout the country, particularly events in the capital, are painful testimony that no strategy has been put together. Extremely serious incidents have occurred over the past two months. One of them was the attack on the chief of the San Martin political-military zone who fell in a terrorist ambush.

"In the case of the minister of interior in particular, I say he should resign because the fact of being a general on active duty and dependent on other chiefs does not grant him fully autonomy to design a countersubversive policy."

Francisco Guerra Garcia (IS senator): "I think the time has come to require that the Executive Branch reveal the aspects of the antisubversive struggle with which social and education organizations can cooperate and that it mobilize the people to participate in the defense of life.

"It is time for the government to understand that the problem of subversion cannot have a solely military solution. Unfortunately, the policy followed by the Ministry of Interior is that of silence regarding anything signifying participation or knowledge of aspects through which the people might help to confront terrorist groups.

"As a member of my chamber's Defense Committee, I must say that on the two occasions on which we met with the chiefs of interior and defense, sectors involved in the antiterrorist fight, we heard very poor reports on the subject. We are aware that there are aspects of the antisubversive policy that must remain secret, but there are others with which the people must be acquainted so they may know whether or not to have confidence. I repeat that until the Executive Branch calls on the people to participate in the fight, any action will be doomed to failure."

Victor Paredes, president of the Chamber of Deputies (Change 90): "This scourge cannot be remedied by the government acting alone. It needs the participation of all the people so Peru may get back on the path to peace.

"Terrorism must not be faced solely from the angle of repression. It is necessary to have a program of social development to help the neediest.

"The counntry needs to make progress and give the people better living conditions. Only in this way will subversion be deprived of the seed of discontent it needs in order to continue threatening democracy.

"I would summon all Peruvians to unite in these difficult times. We must work for development, the most effective way to overcome social problems, and put an end to subversion."

Eduardo Lopez Therese (FIM deputy): "I believe the situation of violence in which we have lived for ten years will not be overcome until a coherent antisubversive program is implemented and the people are aware that we are facing a veritable civil war."

* Hurtado Discusses Economic Program, Jealousy

91SM0084A Lima CARETAS in Spanish
29 Oct 90 pp 24-28, 112

[Interview with Prime Minister Juan Carlos Hurtado Miller by Fernando Rospigliosi; place and date not given—first paragraph is CARETAS introduction]

[Text] Still optimistic despite the worrisome indications of a new increase in inflation, the prime minister is urging calm to avoid augmented expectations. While he is battling rising prices, he is plunging ahead with the draft budget, which is already late, as well as the tax reform and investment proposals for the IBD [Interamerican Development Bank] and the World Bank (BM). Meanwhile, in the office adjacent to the minister's, Mr. Martin Hardy is studying the development of the economy through a powerful lens and is drafting the report he will present at the end of November, on which the reincorporation of Peru in the financial world will depend.

[Rospigliosi] Will there be a new inflationary spiral?

[Hurtado] No, I do not think so. There are certain prices which have risen excessively this month—the price of chicken, for example, and that of red meat. There has also been an increase for other perishable foodstuffs, such as fruits and some other truck-garden crops, but in some cases this is because they are seasonal, while in other cases the reason is that the terms of exchange in

favor of the rural sector are improving. I believe that for a time, city dwellers will have to pay some higher prices, and this is necessary.

There is also a problem in measuring inflation, in terms of the "market basket" established by the INE [National Statistics Institute] and the total "basket" for the economy. In August, for example, the increase for the INE basket was 397 percent, while that for the economy in general was only 250 percent.

The most important thing is to deliver a message of calm. Expectations are the greatest problem in connection with inflation. If people begin to claim irresponsibly that inflation is on the rise again, the economic agents become fearful and raise their prices with a view to the future, and they also reduce the only factor they control, which is wages. Then the cycle begins again, from zero.

[Rospigliosi] But it is not only a problem of expectations. Some economists have criticized excessive issuance the BCR [Central Reserve Bank] for various purposes, primarily to purchase dollars. Is this correct?

[Hurtado] When the 8 August program was set forth, there was a level of liquidity in the economy. When an increase in prices occurs, a vacuum is generated. It is necessary to remonetize the economy, because the volume of money has dropped very low in relation to inflation. Along with this, there was a shortage of reserves in the BCR—minus $150 million as net reserves. What the BCR is doing is to purchase foreign exchange, which, with the dollars earned by exports, serves to remonetize the economy until a certain level is reached. Up to that point, there is no problem. But if we continue to purchase foreign exchange to excess, traumatic [events] may indeed develop.

[Rospigliosi] But it is said that too much is being purchased...

[Hurtado] No, very little is being purchased in order to maintain the level of exchange.

[Rospigliosi] You refer to $10 million per day?

[Hurtado] No, no, much less! Last week we were purchasing $500,000 per day. We began with $12 million per day, but now the level is very low.

[Rospigliosi] If the BCR is purchasing very few dollars, is there not a danger that prices will drop and that exports will be less profitable?

[Hurtado] There is a correlation which, sad to say, is a fact. Between October and March, the production of dollars from coca underwent a seasonal decline, because it was raining in the forest areas. Thus there was no production of cheap dollars on the black market. Therefore, I do not believe that the dollar is dropping.

[Rospigliosi] Some economists say that there will be no solution to this problem as long as dollars come from drug trafficking, because coca is the most profitable product. This leads to dollar affluence causing this money to be cheap, with the result that legal exports can never be profitable.

[Hurtado] What is happening is that this is a destabilized economy. When we stabilize it, I believe that we will have to become accustomed to living with a certain reasonable level of inflation, because exports must be the pivot of the economy.

[Rospigliosi] Another problem mentioned is the issuance of $60 million to provide the Agrarian Bank with credit. The daily newspaper EXPRESO says that this is needless credit which will be devoured by the bank itself and will have no positive effect for the farmers. Is this true?

[Hurtado] There has been too much hullabaloo about the need for farm credit. Technical studies show that there is no positive correlation between credit and production. Nonetheless, there is some production which does indeed require credit, especially in the mountains, the most depressed areas. There are also certain products for which credit is important. This is true, for example, for rice, which is grown both on the coast and in forests.

What is being done now is that an original estimate of the need which the Agrarian Bank deemed astronomical has been reduced to a reasonable quantity—$240 million for the last two months of the year, the planting season.

The $60 million in BCR credit will be returned. There is a fundamental difference here in comparison to the old credit, which was basically lost.

[Rospigliosi] Will there be no more package deals?

[Hurtado] I think not. There is no need for them at this time. They are not justified by the increase in prices.

[Rospigliosi] What will the rate of inflation be in October?

[Hurtado] The projection at the present time is 8 or 8.5 percent.

[Rospigliosi] That is considerable...

[Hurtado] It is reasonable, since the rate last month was 13.8 percent. While there is a downward trend, things will continue to improve.

[Rospigliosi] How much is estimated for November and December—less than five percent?

[Hurtado] There should be a decline. I hope that by the end of the year, we will have less than five percent, if that is possible...

[Rospigliosi] Then you would not resign?

[Hurtado] No. But it is difficult to predict inflation.

[Rospigliosi] A short time ago, Salvador Majluf, the president of the National Association of Industries, said a curious thing. He said that the economy was reacting very rapidly, and that this was dangerous.

[Hurtado] It is true that the economy is full of contradictions. Following the 8 August adjustment, there was a recessive development, which is always logical. There is no way of adjusting the economy without entering into a profound recession.

[Rospigliosi] Then the "adjustment without recession" which Fujimori proposed during the campaign was not viable?

[Hurtado] The fact is that the plan set forth by Santiago Roca was a gradual process. It would be possible to do this, as well. It is not my choice, but it is possible. Moreover, Santiago Roca is a noted economist and the plan is consistent. However, we took the other path.

The recessive process is coming to an end. The problem is that when production recovers so rapidly, due to the increase we made in the minimum wage, it does so violently. This is an effect which can cause a new outbreak of inflation, because of national production being in recession. The response in demand comes much faster than that in supply, and this in fact creates a price imbalance.

With the establishment of the surtax on imports, this meant that they did not come in at the speed we wanted. In such a case, two things happen. First, there is no supply added to the domestic sources to equal the increase in demand. And second, the trade balance shows a surplus of $8 or $9 million per day, and there we have remonetization, not by the BCR, but because of the trade balance surplus. What has to be done is to increase imports in order to reduce the remonetization level a little, and on the other hand, to increase supply a little, against a process of reactivation.

[Rospigliosi] This is what Robert Abusada has been demanding—elimination of the customs surtax all at once. Is this going to be done?

[Hurtado] It is being studied. A solution should come soon.

[Rospigliosi] Might this be before 1 January, as had been decided?

[Hurtado] It will probably be sooner.

[Rospigliosi] Will customs rates be further reduced in the future?

[Hurtado] No, the three rates will be maintained.

[Rospigliosi] For how long?

[Hurtado] Possibly permanently. The idea is to be able to establish a single customs rate in the future. That is the technical recommendation of the experts. However, I am a little afraid of accelerating this process.

[Rospigliosi] A flat customs rate?

[Hurtado] Yes, 25 percent for everything, as is the case in Chile and Bolivia. That is the recommendation. But I am a little fearful. Our economy is made up in large part of small and average enterprises. The employment problem we have is not shared by any other country in Latin America, and it is very dangerous to open up the economy fully. Between the philosophies of protectionism and a free market, I would place myself in the middle, at a point of a rational equilibrium between the two, with upmost caution.

The experts recommend that customs rate levels should be standardized within a year and a half or two years. I believe that this is too violent a move. I would like to wait a little longer, until we are well established on our path.

[Rospigliosi] Do you believe that the wage increase promulgated while you were traveling was excessive?

[Hurtado] No, and I approved it.

[Rospigliosi] But you had said that the increases would be consistent with future inflation, and this provision was not respected.

[Hurtado] Yes, but an important factor was involved. At that time, the recession was so serious that it was necessary to increase the purchasing capacity of the poorest strata a little. In addition, the outlay of cash did not show an increase in comparison to the preceding months, because the total had been 24 million intis, and we took the level to 25 million.

Nor can we forget the objective adjustment formulas. The ideal would be to freeze all wages for a year, to carry out a very forceful process of adjustment, and to hold down the exchange rate and liquidity. Then the economy would stabilize, with zero inflation. But half of Peru would be dying.

It is necessary, then, to maintain a rational equilibrium between the major adjustments and the need to avoid reducing income in such a way that the people are left without any purchasing capacity.

Hence, this increase I approved the day before my trip, was well thought out and you see the reactivation today.

[Rospigliosi] What will the tax reform involve?

[Hurtado] I have a first report from the commission, but I cannot give you figures because I have not seen the president yet. However, it is based on the following. There are 50 taxes, more or less, in Peru, and the idea is to reduce these to five or six. Second, there are more indirect taxes than direct ones. We want to have more direct taxes, i.e., to be able to tax those who have more. And third, it is necessary to expand the base. More people must pay taxes in a country in which no one does. And fourth, it is necessary to improve the tax administration, which is disastrous.

The ideal is for taxes to be easily collected and readily paid. They should come in because of the citizens' sense

of obligation. However, for some time we will need an administration which follows this very closely.

[Rospigliosi] Will effective penalties be imposed, as occurs in the developed countries, where tax evaders go to prison? This has never happened here.

[Hurtado] I hope so. We took over with a tax collection ratio at the 4.5 percent level, and we have raised it to 10.5 percent. The parliamentary mandate calls for up to 12 percent, and we want to raise it to 13 percent or 14 percent next year. And to continue to raise it. A reasonable goal would be 20 percent or 22 percent.

When President Carlos Salinas put two tax evaders in prison in Mexico, the tax collection ratio suddenly jumped two percent. This must be done, in any case.

[Rospigliosi] Japan has refused to head a group of friendly countries which would lend $2 billion to pay the multilateral bodies. What is the status of the bridge credit?

[Hurtado] Excuse me for contradicting you, but Japan has not refused. Japan has said that it would participate under two conditions. First, the United States must participate, and second, our program must be approved by the IMF. These are the conditions Japan has set for heading the group together with Spain.

On 8 October, Spain submitted the proposal, which Europe supports, to the Financial Committee of the European Economic Community. Consultations are coming along, and we hope that Japan and Spain will head the group.

[Rospigliosi] The United States has serious budget problems. Is this preventing its participation?

[Hurtado] No, because it is not important for U.S. participation to be major in terms of the monetary contribution. It might put in $50 million or $100 million. The United States has a special credit system which is administered by the assistant secretary of the treasury, with the right to allocate funds for up to 60 days before informing the Congress. As the credit bridge is very short, the U.S. can therefore put treasury funds, which are readily recoverable, into it.

[Rospigliosi] On what does U.S. participation depend, then?

[Hurtado] On IMF approval.

[Rospigliosi] Is there an IMF mission already here?

[Hurtado] That was why I was late in meeting with you now. Its members are here with us, and we are working with them.

[Rospigliosi] Is Mr. Hardy here?

[Hurtado] Martin Hardy heads the commission, and it is a large group, made up of a section which will examine the macroeconomic structure of the program, and another which is evaluating the tax reform. We also have advisers from Colombia, Venezuela, and Mexico. Paco Gil, who is an extraordinary Mexican economist, is also coming.

What will be presented to the board of the IMF at the end of November or the beginning of December by Martin Hardy is a report outlining his impressions of our program. He has come here as a consequence of this. He is reviewing our program, and will then make a recommendation there for or against it. Immediately after IMF approval, the entire program will be launched.

[Rospigliosi] There will be no credit bridge, then, until the IMF approves the program?

[Hurtado] The fact is we do not need the credit bridge now, since we will only need the money when the IBD and the World Bank have completed the projects they have under way. But since not a single project has been proposed in the last five years, Peru has none to submit.

Even if Mr. Conable of the World Bank and Mr. Iglesias of the IBD were to put a checkbook on the table today and tell us that they would give us $2 billion each, we have no projects.

In other words, Peru has a tremendous package of projects which have accumulated over a period of years, but the priorities have not been established, nor have the specific feasibility studies been done. We have lost five years.

[Rospigliosi] When will these projects be submitted?

[Hurtado] Work is being done on them. The World Bank has 27 experts, and 23 are coming from the IBD next week, with Mr. Iglesias. There will be 50 World Bank and IBD technicians, together with 50 from Peru, i.e., 100 persons working on drafting projects.

A first approximation is scheduled for 2 November, and we will almost have a definition by 14 November. After getting a proposal approved by the executive branch, we will submit it to the Parliament on 20 November, and then we will begin to deal with the multilateral bodies.

The Relationship Issue

[Rospigliosi] Are you a first secretary?

[Hurtado] To speak the truth, no. Nor was Carlos Amat. The president has the full right to appoint or remove individuals as he sees fit. It is necessary to differentiate between those who are elected and those who are asked to serve. We are asked to serve, while the president is elected. He has the full right to choose his collaborators.

Second, it must not be forgotten that we ministers are birds of passage. In any case, we will eventually leave. Government employees who serve under the ministers do indeed have the opportunity to stay for five years. Hence the president has every right to choose the employees he would like to keep on for five years.

When one of them disagrees with a minister, the minister has the full right to withdraw, because he does not agree with this judgment by the president.

President Fujimori likes to operate on a team basis. He made some comments about certain persons on Engineer Amat's team which Carlos rejected. This does not mean that the rest are secretaries. I believe that this is a feeling inherited from the preceding government. And you can see that I have the freedom to take action. Your periodical, in particular, has made comparisons which have not pleased me, because they are not appropriate.

[Rospigliosi] What comparisons?

[Hurtado] The possibility was suggested that there may be jealousy between President Fujimori and myself. Fortunately, President Fujimori is a man of character and so certain of his own positions that he took this in a very lighthearted way. The comparison is absurd, because there is no possibility of jealousy between a person asked to serve and an elected official. A president cannot be jealous of an individual he appoints and removes at whim. I believe that there is a need to strengthen the democratic institutional system on the basis of respect for the individuals who were elected by the people. I was not elected by the people, but he was.

[Rospigliosi] But you are more popular than the president, according to the polls.

[Hurtado] True, but this is of no great importance. I have a high degree of confidence in the president, and therefore I do not believe that this type of comparison is applicable, nor do I not believe that it has made any great impression. If you look at the structure of the Apoyo poll, it showed me to be more popular on the business level, while he scored higher on the popular level. This is evidence that the confidence in him has been confirmed, because he was elected by the people in the lower income strata.

While this situation continues, Peru enjoys two advantages. First, the president continues to be popular with the electorate which put him in office, people of the lowest income levels. And second, the economic program is perceived as being successful, and the individual directing it enjoys support. As long as this is the case, the institutional system and the stability of the country are safe. If the reverse were true, there would be great danger. If the program fails and I lose the confidence of the upper strata, I will be replaced, and this confidence can easily be recovered. But if the president loses popular support, then the government is threatened.

[Rospigliosi] Speaking of the institutional system, do you really direct the entire cabinet? Because it is said that you direct one part of it, but are not active in sectors like defense and the interior.

[Hurtado] It is true that in the strictly political and military sectors I have not been active, because the National Defense Council has not yet begun to function fully. And also because the movements which have existed are purely professional affairs.

[Rospigliosi] But it appears that the promotions in rank have been politicized considerably.

[Hurtado] I do not believe they are. There are always divisions among the military officials, and I prefer not to intervene in these affairs. If there is anyone who should be asked about the promotions, it is the president of the Republic. I prefer to devote myself to supporting the president in what he needs, in the strictly technical sector.

[Rospigliosi] In recent weeks, there has been a worrisome resurgence of violations of human rights (DDHH), burials in common graves, and disappearances.

[Hurtado] It is true that I have a political responsibility in this matter. The problem is that if I begin to deal with everything—you see what time it is (9:00 pm). I no longer have time to do much, and therefore it is necessary to share the work. And the president of the Republic is the veritable pivot who manages the cabinet in all matters.

I do not deny that there are violations of human rights, though probably many of them were not intentional deeds. But they are always seen in terms of the FFAA [Armed Forces], and it is not pointed out that policemen are killed every day. There has just been an attack on General Brito. But what about the corporal who was accompanying him and who had eight bullets in his body? Isn't this a violation of human rights as well?

Guyana

Government Continues Privatization Program

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[Text] Georgetown, Guyana, Dec 10, CANA—The Trinidadian conglomerate McEnearney Alstons Limited is to take majority interest in a state-owned paint company here, as the Guyana Government continues its programme to privatise loss-making and burdensome companies, according [to] press reports here.

The Trinidad and Tobago firm, under a joint venture deal with the government, will get 51 per cent of the National Paint Company (NPC). NPC, identified for privatisation since last year when the divestment programme was stepped up, has been plagued by a lack of foreign exchange, obsolete equipment, and a host of other problems in recent years, leading to declining revenues.

NEW NATION, weekly organ of the ruling Peoples National Congress (PNC) party, reported Sunday that the government will retain 49 per cent of shares in the company, located in an industrial zone of the capital. However, there is provision for an employee ownership

plan where workers can purchase shares in the company after it is privatised, the PNC organ said.

Colin Murray, executive director of Mc Enearney Alstons, was in Guyana last Wednesday for final talks with Deputy Prime Minister Haslyn Parris, on the deal. Parris, responsible for planning and development, heads the divestment programme undertaken by government as part of its economic restructuring.

The Guyana Government recently entered into another joint venture, with East Caribbean Group of Companies (ECGC) of St. Vincent and the Grenadines, for a rice milling complex owned by a state corporation. Under that agreement, signed November 29, the ECGC and a prominent rice farmer and miller in Guyana have acquired the majority shares in the complex, while the Guyana and St. Vincent Governments will retain minority interest. St. Vincent Prime Minister James Mitchell flew to Guyana to witness the signing of the agreement.

The opposition Working People's Alliance (WPA) party here has expressed disapproval at how the complex was privatised. The WPA said that farmers in Essequibo, where the complex is located, had offered government Guy 20 million dollars for the complex, but were told only last month that their offer had been rejected after government received a superior offer from the ECGC. Such an arrangement is likely to alienate large numbers from economic integration, the opposition party warned.